

GAMING POLICY DIRECTION PAPER

Knox City Council

October 2015

Adopted by Council 24 May 2015



Knox City Council

Table of Contents

1	Key Messages	3
2	Purpose.....	4
3	Background.....	4
3.1	Costs of Gambling	4
3.2	A Competitive Gaming Industry.....	6
3.3	Recognising Harm	6
4	Legislation and Policy	7
4.1	Gambling Regulation	8
4.1.1	Gambling Regulation Act 2003 (the Gambling Act).....	8
4.2	Planning Legislation	9
4.2.1	Planning and Environment Act 1987 (P&E Act)	9
4.2.2	Victoria Planning Provisions	9
4.2.3	Knox Planning Scheme.....	10
4.3	Knox Council Policies	11
4.3.1	Knox Vision – Our City, Our Future and City Plan 2013-17	11
4.3.2	Knox Integrated City Strategy and Implementation Plan 2015-17 (Strategy)	11
4.3.3	Knox Community Safety Plan 2013-17 (Safety Plan).....	12
5	Implications of Planning and Gaming Regulations for Knox	13
6	Knox City Council Gambling Profile	13
6.1	Expenditure on gambling: Australia and Victoria	13
7	Knox City Council –Gaming (EGM) Profile.....	16
7.1	Overview.....	16
7.2	EGM Number and Density, Knox	16
7.3	EGM Expenditure, Knox.....	19
8	Knox Suburbs - Geographic Distribution of Gaming Costs.....	21
8.1	EGM Density, Knox Suburbs.....	22
8.2	EGM Expenditure, Knox Suburbs	22
8.3	Socio-Economic Indexes for Areas (SEIFA), Knox Suburbs	24
8.3.1	Overview	24

8.3.2	SEIFA Index and Density.....	24
8.3.3	SEIFA Index and Loss per EGM.....	25
8.3.4	Household income and EGM data.....	26
9	Planning Policy Direction.....	28
9.1	The difference between gaming and planning considerations.....	29
9.2	Net community benefit.....	30
9.3	Performance-based criteria.....	31
9.4	Principles.....	31
9.4.1	Principle 1 - Accessible but not convenient.....	32
	Map 1: Gaming Machine Accessibility (2015).....	33
9.4.2	Principle 2 – Minimising harm to vulnerable communities.....	35
	Map 2: Knox SEIFA Index of Relative Socio-economic Disadvantage (2011).....	36
9.4.3	Principle 3 – Minimise EGM density and number of venues.....	37
9.4.4	Principle 4 – Promote diversity of entertainment facilities.....	39
9.4.5	Principle 5 – Minimise amenity impacts.....	40
9.5	Balancing competing objectives.....	41
10	Conclusion.....	41
11	Definitions.....	42
	Electronic Gaming Machine (EGM):.....	42
	Expenditure:.....	42
	Gambling:.....	42
	Gaming:.....	42
	Lotteries/Instant Lotteries:.....	43
	Problem Gambler:.....	43
	Race betting:.....	43
	Regular Gambler:.....	43
	Socio-Economic Indexes for Areas (SEIFA).....	43
	Index of Relative Socio-Economic Disadvantage (IRSD).....	44
	Sports betting:.....	44
	Wagering:.....	44

This paper incorporates work undertaken by Beverley Kilger and Associates in 2015.

1 Key Messages

- While gambling is recognised as a legitimate form of recreation that has social and economic benefits, it has the potential to generate negative social and economic benefits for problem gamblers.
- Problem gambling can generate significant costs to the community, with the Victorian Competition and Efficiency Commission's 2013 Report estimating the social and economic costs of gambling in Victoria were between \$1.5 billion and \$2.8 billion in 2010-11.
- People in Australia spend more on electronic gaming machines (EGMs) than any other form of gambling. The same is true of Victoria where EGM expenditure made up 46% of all gambling losses in 2012-13.
- There has been an 11% (92) reduction in the number of electronic gaming machines in Knox since 2009 – from 855 in 2009 to 763 in 2014 with EGM losses dropping by almost 15 million in the same period. These changes coincide with the changes in the Victorian licensing regime in 2011.
- Knox continues to have a consistently higher than average rate of EGMs to population (EGM density) compared to metropolitan Melbourne.
- Knox has consistently had a higher than average rate of EGM losses per adult (EGM expenditure) compared with metropolitan Melbourne and Victoria.
- There is a clear association for higher rates of EGM losses to be incurred by the more disadvantaged communities.
- Per capita EGM losses in Bayswater were twice the Knox, metropolitan and state averages and over 40% higher in Ferntree Gully which are areas with a higher relative social and economic disadvantage within Knox.
- There is a policy gap in the planning framework at a state level that can be addressed by introducing a gaming-specific local policy in the Knox Planning Scheme.
- While there is still some way to go in regards to social research on the effects, costs and indicators of 'problem gambling', there is enough evidence to support Council policies to control the location, design and operation of gaming venues to minimise harm.
- Although the rates of online gambling and sports betting has increased dramatically in recent years, the estimated amount of expenditure per capita from sports betting (\$29.5) is still significantly lower than expenditure per capita from gaming machines (\$615.93).

2 Purpose

This report provides a background on electronic gaming in Knox City Council, taking into account the current distribution and impact of electronic gaming on the local community. It will be used to update the Council's Electronic Gaming Policy.

The report also provides strategic direction for introducing a local planning policy on gaming in the Knox Planning Scheme. An analysis of Knox City Council's gambling data¹ indicates that the density of gaming machines in Knox exceeds the metropolitan average and that losses per person are also higher than the state and metropolitan average. The incorporation of a local policy into the planning scheme is necessary to provide a policy context for decisions on planning permit applications for new gaming machines.

3 Background

3.1 Costs of Gambling

Gambling is the placement of a wager or bet on the uncertain outcome of a future event. Gambling, if undertaken responsibly, provides a leisure activity and contributes to employment and economic activity. It is also a source of taxation revenue for state governments. In Victoria, gambling taxes provide a proportion of state revenue at 9.8% of state taxes or \$1.67 billion in 2013-14 with Electronic Gaming Machines (EGMs) in hotels and clubs generating 57.8% of this sum.²

It has been estimated that the net benefit to the community from Australia's gambling industry in 2008-09 ranged between \$3.7 and \$11.1 billion³ which demonstrates the gambling industry is substantial and plays an important role in the Victorian economy. It contributes to employment, tourism, productivity, investment and state revenue.

However, unlike other recreational activities, gambling generates negative social and economic impacts for a small proportion of the total population: between 1.9 to 3.1% of the total population are problem gamblers (includes severe and moderate risk)⁴. It has impacts on the health and wellbeing of families and friends, along with the wider community. The impacts associated with problem gambling include health and emotional problems, family breakdown, financial hardship and gambling-related crime, all of which create significant costs for the individuals, the community, business and government at all levels.⁵

There is strong evidence⁶ that the number of people affected by problem gambling is likely to be significantly greater than the number of problem gamblers in Victoria. The rough estimates of people directly affected (problem gamblers) tends to ignore the 'ripple effects' of problem gambling.

The harms from problem gambling include suicide, depression, relationship breakdown, lowered work productivity, job loss, bankruptcy and crime. A 2008 survey found that gambling was the most common motivation for fraud and that the average loss was \$1.1 million per incident.⁷

¹ Knox City Council Gambling Profile, January 2015 Update

² Taxation Revenue, Australia, ABS, Catalogue 5506.9 2013-14

² VCEC 2012 'Counting the Cost' Inquiry into the Costs of Problem Gambling – Final Report

⁴ Productivity Commission Inquiry Report 'Gambling, Volume 1' 2010, Productivity Commission, Australian Government

⁵ VCEC 2012 'Counting the Cost' Inquiry into the Costs of Problem Gambling – Final Report p.VII

⁶ Victorian Competition and Efficiency Competition 'Inquiry into the Costs of Problem Gambling' Final Report, December 2012

⁷ Productivity Commission Inquiry Report 2010, Australian Government

The Victorian Competition and Efficiency Commission's (VCEC) 2013 report estimates the social and economic costs of gambling in Victoria were between \$1.5 billion and \$2.8 billion in 2010-11. The vast majority of these costs came from two sources:

- quantifiable costs associated with excess gambling expenditure by problem gamblers (\$1 billion to \$1.4 billion)
- intangible costs associated with impacts on mental wellbeing, such as emotional distress due to depression and attempted suicides, for problem gamblers and their families (\$400 million to \$1.2 billion).⁸

The Victorian epidemiological study found 91% of problem gamblers gambled using poker machines and 65% listed pokies (EGMs) as the form of gambling they spent most money on.⁹

Based on the industry-wide research and operating environment, gambling on EGMs at local gaming venues can be characterised as an activity that:

- is not a benign recreational activity as EGMs are both designed to keep people playing and are located in venues that serve alcohol which can undermine players' judgement;
- provides limited positive economic impact to players due to the extremely low odds of winning and very high odds of losing;
- is primarily located in areas with a high proportion of disadvantaged households and can increase the disadvantage of individual gamblers and their families, employers and community;
- can redistribute local expenditure towards gaming operators with reduced consumer spending activities such as buying clothing and food at local businesses, reinforcing the disadvantage of the broader local community;
- is widely considered to be a public health issue as it threatens the health of vulnerable individuals such as those suffering isolation, depression or limited income.

Victorian State Government policy objectives on EGM gambling can be viewed as contradictory as they aim to foster responsible gambling and reducing harm while promoting tourism, employment and economic development generally within the state.

Although EGMs beneficial impact on tourism remains debatable¹⁰ it may be inferred that an implicit legislative objective is to assist the hotel and club industries.¹¹ In 2000, by the end of the decade following the legislative exemption to permit EGM gambling it was acknowledged by the Department of Treasury and Finance that:

*"Gaming expenditure underpins the clubs and hotel sector. Non-gaming activity in these sectors has declined."*¹²

⁸ VCEC Counting the Cost: *Inquiry into the Costs of Problem Gambling* released by the Treasurer 9 September 2013 http://www.vcec.vic.gov.au/CA256EAF001C7B21/pages/vcec-inquiries-current-inquiry-into-social-and-economic-costs-of-problem-gambling#.Uk1Zd_l-8dW

⁹ Hare, Sarah. (2008). *A Study of Gambling in Victoria – Problem Gambling from a Public Health Perspective* (epidemiological study). Department of Justice, Victoria

¹⁰ As noted by the South Australian Centre for Economic Studies (2008) *Social and Economic Impact Study into Gambling in Tasmania Final Report Volume 1*, prepared for Department of Treasury and Finance Tasmania, p.vii [http://www.treasury.tas.gov.au/domino/df/df.nsf/-Vol1.pdf/\\$file/Soc-Economic-Impact-Study-Vol1.pdf](http://www.treasury.tas.gov.au/domino/df/df.nsf/-Vol1.pdf/$file/Soc-Economic-Impact-Study-Vol1.pdf)

¹¹ Department of Treasury & Finance (DTF)(2000) *Ibid* p.18

¹² Department of Treasury & Finance (DTF)(2000) *Ibid* p.8

By 2010, EGMs contributed towards over 60% of income in clubs across Australia.¹³ While hotels are less reliant, Woolworths indicated in 2013 that its hotel business model also depends on EGMs:

“EBIT [Earnings Before Income Tax] increased 21.2% to \$140.8 million. This growth was driven by incremental EBIT as a result of the Victorian gaming regulatory changes as well as sales growth and good cost control in the existing business.”¹⁴

3.2 A Competitive Gaming Industry

The regulatory changes referred to by Woolworths include a review of gambling licences to introduce greater competition by removing the Tabcorp/Tattersalls duopoly, which became operational in 2012.¹⁵ Venue operators became eligible to buy entitlements to own and operate gaming machines. The intent was to give venues control at the local level over the way they run their businesses.

These amendments heralded the ‘2012 regime’ and included two new legislative objectives in the *Gambling Regulation Act 2003* (the Gambling Act) relating to EGMs:

- a) Provide for the allocation of gaming machine entitlements in order to maximise the financial and social benefits to the Victorian community within the regulatory framework applying to the allocation of entitlements;
- b) Promote a competitive gaming industry with the aim of providing financial and social benefits to the Victorian community. Section 3.1.1(2)

The Gambling Act specifies that only incorporated hotels or clubs may hold licenses to be gaming venue operators. The emphasis on competition was muted by explicitly more favourable conditions for clubs both to buy entitlements to EGMs and to operate them subject to less tax than hotels. These concessions for clubs were proposed on the basis of support for clubs as community organisations.¹⁶

3.3 Recognising Harm

By 2000 a Treasury Department competition policy review suggested that the issue of harm prevention topped the list of government objectives.¹⁷ In 2003 an additional purpose was added to state legislation; to foster responsible gambling in order to minimise harm caused by problem gambling and accommodate the interests of those who gamble without causing harm to themselves or others.¹⁸

One such measure is the mandated level of ‘return to players’ (the RTP). This is a requirement that EGMs must return to players 87% of the total amount bet per annum per venue, as winnings. The RTP applies to EGMs at any location. It has been noted that this is of limited value to individual players. There is no requirement for an individual machine to return the rate within a specified period of play – it can take millions of games for a machine

¹³ Productivity Commission (2010) *Gambling Inquiry Report Overview* p.6

¹⁴ Woolworths Limited (2013) *First half Profit Report And Dividend Announcement for the 27 Weeks ended 31 December 2012*, February 28 www.woolworthslimited.com.au/icms_docs/

¹⁵ State of Victoria (2008) *Review of the Electronic Gaming Machine, Club Keno, and Wagering Licensing and Funding Arrangements for the Racing Industry Post 2012*, Department of Justice Gambling Licenses Review

¹⁶ Minister for Gaming (2009) *Landmark Gaming Industry Restructure Goes Ahead*, Media Release June 5

¹⁷ Department of Treasury & Finance (DTF) (2000) *National Competition Policy Review of Gaming Machine Legislation*, November, p.18

¹⁸ See the aims listed under GRA 2003 Section 3.1.1(1).

to reach its RTP rate.¹⁹ Other harm minimisation measures under the Gambling Act include controlling Automatic Teller Machines in gaming venues, venue operator exclusion provisions, layout and lighting of gaming areas, and a maximum bet limit.

Legislative amendments to limit the number and distribution of EGMs in Victoria had been progressively introduced in Victoria between 2001 and 2009. The Gambling Act allows the Minister for Gaming to make an order setting the total number of EGM entitlements in the state or in any region or municipal district. Regional caps were applied to areas of the state that were identified as 'high ranking' on measures of vulnerability to the potential harm caused by large numbers of gaming machines.²⁰ All regional capped areas have high levels of both socio-economic disadvantage and EGM density. In 2012, the Victorian Commission for Gambling and Liquor Regulation determined the maximum permissible number of gaming machine entitlements for each municipal district in Victoria (based on a maximum of ten entitlements per thousand adults as at 30 June 2008). A municipal limit only applies to areas that are not already covered by regional caps.

In 2011 the Government established the Victorian Responsible Gambling Foundation (the Foundation), which is an independent statutory body with a mandate to foster responsible gambling and reduce the prevalence and severity of problem gambling across Victoria through prevention, early intervention and treatment programs.

In 2012 the Victorian Competition and Efficiency Commission (VCEC) was asked by the Victorian Government to undertake an inquiry into the social and economic costs of problem gambling. The inquiry examined the costs of providing services to problem gamblers and their friends and families, the costs associated with the impacts on mental and physical wellbeing for individuals and the health system, costs to the justice system and costs to business and the geographic distribution of costs. The Commission recommended the Government improve gambling-related research by:

- identifying cost-effective actions that will reduce the impacts of problem gambling;
- supporting better informed decision-making by relevant regulators;
- better identification of problem gambling prevalence for high-risk groups through screening;
- better understanding the nature and extent of harms suffered by problem gamblers and their families;
- greater evaluation of the effectiveness of measures designed to reduce harms from problem gambling.

The Government responded that the Victorian Responsible Gambling Foundation²¹ has responsibility for conducting research into problem gambling and will have regard to the recommendation in its forward work program.

4 Legislation and Policy

Knox City Council's statutory responsibility concerning gaming arises through its decision making role regarding planning applications for gaming machines under the *Planning and Environment Act 1987* and in making submissions to the Victorian Commission for Gambling

¹⁹ See VRGF Pokies, Lotteries, Keno: What is Return to Player? Information Sheet last updated June 2013 http://www.responsiblegambling.vic.gov.au/sites/default/files/GIRO-Info-What_is_Return-to_Player-0613.pdf

²⁰ South Australian Centre For Economic Studies (SACES) 2005 Study of Impacts of caps on Gaming Machines Department of Justice Victoria

²¹ established by the *Victorian Responsible Gambling Foundation Act 2011*

and Liquor Regulation under the *Gambling Regulation Act 2003* on gaming venue applications and changes to gaming machine entitlements.

Applications to use or install a new gaming machine or to increase the number of machines approved within a venue must be submitted to:

- The Victorian Commission for Gambling and Liquor Regulation, and
- The Responsible Authority (See 'Planning Legislation' section).

Decisions can be appealed in the Victorian Civil and Administrative Tribunal (VCAT). Appeals against VCAT determinations can be made on questions of law to the Victorian Supreme Court.

4.1 Gambling Regulation

4.1.1 *Gambling Regulation Act 2003 (the Gambling Act)*

The *Gambling Regulation Act 2003*²² consolidates and restates the basic position in Victoria consistent with all other Australian jurisdictions. Among other functions, the Gambling Act:

- generally prohibits gambling activities unless authorised under this Act or the Casino Control Act 1991;
- provides for the conduct under licence of gaming on gaming machines at approved venues.

The Gambling Act seeks to establish a system for the regulation, supervision and control of EGMs that is honest and free of criminal exploitation or influence. These objectives set the parameters for a controlled gambling industry or 'market'. Other objectives include:

- promoting tourism, employment and economic development generally in the state;
- fostering responsible gambling by minimising harm caused by problem gambling and accommodating those who gamble without harming themselves or others.

The Victorian Commission for Gambling and Liquor Regulation (VCGLR) is responsible for administering Victoria's gambling legislation by licensing, educating and advising members of the gambling industry and educating the general public on gambling regulatory and compliance matters.

When determining applications for approval of premises suitable for gaming or amending venue gaming machine entitlements (i.e. changes to the number of gaming machines permitted in a venue), the VCGLR must not grant an application unless it is satisfied:

- the net economic and social impact of approval will not be detrimental to the well-being of the community of the municipal district in which the premises are located;
- the size, layout and facilities of the premises are or will be suitable;
- the amendment will not breach the municipal limit for the proposed area;
- any submission by the relevant responsible authority about proposed social and economic impacts, well-being of the community, impact on surrounding municipalities;

²² It consolidates and supersedes a number of earlier Acts including the Gaming Machine Control Act 1991(Vic).

- the honesty and integrity of the applicant and their associates.

Under the Gambling Act, gaming machine entitlements are subject to regional and municipal limits. The current limits to gaming machine numbers are:

- 30,000 machines in total across Victoria, with 2,500 within the Melbourne Casino;
- 27,500 machines throughout the state divided between two venue categories: clubs and hotels;
- 20% of machines in rural locations and 80% in metropolitan locations;
- A maximum of 105 machines per venue, with no more than 10 gaming machines per 1,000 adults in any local government area (with the exception of the CBD, Southbank and Docklands areas);
- Caps on EGMs in 20 regions and Municipal Limits in every municipality covering any area not already covered by a regional cap.

4.2 Planning Legislation

4.2.1 *Planning and Environment Act 1987 (P&E Act)*

The P&E Act includes objectives of planning set out in Section 4(1). Those most relevant to gaming include:

- to provide for the fair, orderly, economic and sustainable use, and development of land;
- to secure a safe, working, living and recreational environment for all Victorians and visitors to Victoria;
- to facilitate development in accordance with the objectives set out in the Act.

Additionally, the objectives of the planning framework established by the Act include:

- to enable land use and development planning and policy to be easily integrated with social and economic policies at state, regional and municipal levels;
- to provide for explicit consideration of social and economic effects when decisions are made about the use and development of land;
- to provide for effective enforcement procedures to achieve compliance with planning schemes, permits and agreements.

Although gaming is not specifically mentioned in the P&E Act, it sets the broader objective as outlined above. Furthermore, it seeks the integration of social and economic policies of municipalities into the planning framework, with explicit consideration of social and economic effects when making decisions.

4.2.2 *Victoria Planning Provisions*

The planning regulatory framework includes broad policies about planning for a safe recreational environment and facilitating healthy lifestyles and a permit requirement to install or use gaming machines.

State Planning Policy Framework: Clause 10.04 (Integrated decision making) states responsible and planning authorities should balance conflicting objectives in favour of net community benefit and sustainable development for the benefit of present and future generations.

Clause 11.04-4 ('Liveable communities and neighbourhoods') seeks to create neighbourhoods that support safe communities and healthy lifestyles in metropolitan Melbourne.

Particular Provisions: Clause 52.28 ('Gaming') – requires a permit to install or use a gaming machine, unless previously approved under the *Gambling Regulation Act 2003* or prohibited by a schedule to the clause for specific strip shopping centres and shopping complexes. Purposes of Clause 52.28 (Gaming) include:

- ensuring gaming machines are situated in appropriate locations and premises;
- considering the social and economic impacts of gaming machine locations;
- prohibiting gaming machines in specified shopping complexes and strip shopping centres.

4.2.3 Knox Planning Scheme

Local Planning Policy: Clause 21.03 'Vision and Strategic Land Use Framework'

- Community Wellbeing - To improve the health and wellbeing of the Knox community and support opportunities for community members to participate in a vibrant community life.

Clause 21.08 'Infrastructure Overview'

- Community Health and Wellbeing - Planning for land use and development should positively influence the health and wellbeing of the Knox community by facilitating outcomes that will lead to increased levels of social connectedness and cohesion.

Particular Provisions: Schedules to Clause 52.28 (Gaming) that specifically prohibits certain shopping complexes and strips.

Figure 1 – Table of schedules to Clause 52.28 (Gaming) in the Knox Planning Scheme

Schedule	Content
Clause 52.28-3	Prohibits gaming machines in the following shopping complexes: <ul style="list-style-type: none"> • Stud Park Shopping Centre, Rowville • Wantirna Mall Shopping Centre, Wantirna • Knox City/Towerpoint Shopping Centre, Wantirna South (excluding Knox Tavern) • Mountain Gate Shopping Centre, Ferntree Gully • Scoresby Village Shopping Centre, Scoresby • Studfield Shopping Centre, Studfield • Wellington Village Shopping Centre, Rowville
Clause 52.28-4	Prohibits gaming machines in any strip shopping centre within the municipality.

A planning permit may also be required for the use of a premises for gambling or gaming, depending on whether a permit is triggered for the use by the zone.

Clause 74 (Definitions) of the Knox Planning Scheme includes land use terms for the following uses relating to gambling:

- *Retail premises:*
Land used to:
 - a) sell goods by retail, or by retail and wholesale;
 - b) sell services; or
 - c) hire goods.
- *Gambling premises (included within broader definition of retail premises):* Land used for gambling by gaming or wagering, and where there is the ability to receive a monetary reward.
- *Gaming premises (included within broader definitions of Gambling premises and Retail premises):* Land used for gambling by gaming, and where there is the ability to receive a monetary reward.

In April 2015, Knox City Council completed its Planning Scheme Review²³. The Review report identified that gaming was an issue which required further planning scheme direction. The review included a recommendation that Council should develop and implement a gaming policy to address an existing strategic gap in the Local Planning Policy Framework. Council adopted the Planning Scheme Review report at its meeting on the 26th of May 2015.

4.3 Knox Council Policies

4.3.1 Knox Vision – Our City, Our Future and City Plan 2013-17

Knox's Vision and City Plan provides a picture of the future City that will deliver the lifestyle, jobs and industry, health and wellbeing desired by members of the Knox community. Relevant to gaming is the policy's aspirations to have:

- healthy and connected communities which includes personal health and wellbeing, including mental health;
- a prosperous, advancing economy that supports community wealth
- culturally rich and active communities through promoting accessible opportunities to participate in leisure and recreation activities.

This is to be achieved through a balanced approach to decision making including consideration of economic, environmental and social and cultural factors and related impacts.

4.3.2 Knox Integrated City Strategy and Implementation Plan 2015-17 (Strategy)

The Strategy is a key platform for achieving the broader Knox Vision: Our City, Our Future (Knox's Vision) and implementing the Knox City Plan 2013-17 (City Plan). The Strategy

²³ Knox Planning Scheme Review Report, April 2015, Glossop Town Planning & Keaney Planning

incorporates the previous Community Health and Wellbeing Strategy 2013-17, Economic Development Strategy (2008-18) and Sustainable Environment Strategy (2008-18) and elements of the Council Plan.

The integrated strategies and specific actions that are relevant to gaming are:

Strategy 5:

- Improve the physical and mental health and wellbeing of people in Knox and mitigate lifestyle risks such as smoking, risky alcohol consumption and drug use, obesity, lack of physical activity and poor nutrition, through the provision of high-quality services, support, infrastructure, partnerships, advocacy and regulation.

Implementation actions:

- Ensure health and wellbeing principles (eg. prevention) are embedded in service and infrastructure planning, the Knox Planning Scheme, community activities and events and communications to meet the needs of people in Knox.
- Plan, develop and advocate for services and community infrastructure that enhance health and wellbeing for all residents, particularly those disadvantaged.

Strategy 12:

- Improve personal and community safety and perceptions of safety in Knox by addressing community safety problems, family violence and child and elder abuse.

Implementation actions:

- Partner with key stakeholders to deliver community safety education and early intervention and development programs to increase safe driving, and reduce antisocial behaviour, problem gambling, family violence and child and elder abuse.
- Integrate 'Crime Prevention through Environmental Design' principles into the Planning Scheme and develop social impact assessment tools and resources aimed at ensuring new development amenity, health and wellbeing and safety outcomes.

4.3.3 Knox Community Safety Plan 2013-17 (Safety Plan)

The Safety Plan identifies community safety issues and crime prevention responses and outlines roles and responsibilities of Council, its partners and the community. This includes the development of action plans which identifies objectives, strategies and actions. The Plan's objective is to guide actions undertaken by Council, key partners, the community and organisations to address issues of real and perceived community safety through sustainable crime prevention programs.

The plan identifies that the prevalence of problem gambling has a strong link with community safety and crime issues such as family violence, child neglect and mental health issues due to the financial stress of problem gambling.

Action Plan 6.9 (Families are supported to prevent problem gambling) is relevant to gaming:

- Strategy: Support the implementation of the Knox Responsible Gaming Policy through ongoing research and data development on problem gambling issues in Knox.
 - Action: Support to incorporate Knox City Council's Electronic Gaming Machine Policy into the Municipal Strategic Statement.
 - Action: Advocate for further research into the impacts of online gambling.

- Strategy: Promote community education and partnerships in relation to problem gambling.
 - Action: Encourage targeted community education campaigns about the impacts of all forms of problem gambling on families and the community.

5 Implications of Planning and Gaming Regulations for Knox

In the current regulatory framework, Knox City Council plays a role in determining where new gaming venues and EGMs are located, as venue operators:

- must apply for a planning permit from council to install or use a gaming machine under Clause 52.28 of the Knox Planning Scheme;
- must submit applications for new EGMs or to increase the number of EGMs within a gaming venue to the Victorian Commission for Gaming and Liquor Regulation (VCGLR). Local government can then make a submission to the VCGLR regarding the application as part of the VCGLR's determination whether to grant, deny, vary and/or place conditions on the application as per the *Gaming Regulation Act 2003*.

There is no guidance within the Victoria Planning Provisions to direct decision making on suitable locations for gaming machines and subsequent social or economic impacts. Over the past several years, a number of local councils have addressed this lack of strategic direction at a state-level by introducing a gaming-specific local policy in the Local Planning Policy Framework. A gaming-specific local policy can support Council decisions on permit applications for new gaming machines by providing direction on features that might distinguish an appropriate area or venue as more or less suitable for new gaming machine locations, having regard to local social and economic considerations.

The Knox Planning Scheme currently has no such policy and this lack of policy direction makes it difficult for Council to make informed decisions on gaming applications and for Council to substantiate its decisions at the Victorian Civil and Administrative Tribunal.

This has also been identified in Council's recent four-year review of the Knox Planning Scheme²⁴ which identified the need for Council to incorporate new policy direction in the planning scheme to address gaming issues.

6 Knox City Council Gambling Profile

This section provides a short overview of contextual data on gambling in Australia and Victoria as it relates to the full gamut of legalised gambling – including racing, casino gambling, gaming machines, keno, lotteries, lotto, pools, instant lotteries (scratchies) and bingo.

It demonstrates gambling on EGMs accounts for a high proportion of the gambling losses in the community.

6.1 Expenditure on gambling: Australia and Victoria

Gambling expenditure data serves to highlight the size of the sector and significance of businesses involved in the provision of gambling services to the Australian economy.

²⁴ Knox Planning Scheme Review Report, April 2015, Glossop Town Planning & Keaney Planning

The following table sets out the growth and break down of expenditure on gambling by gambling type in Australia in recent years. It includes expenditure on major gaming activities, excluding minor gaming such as bingo, raffles etc.

Figure 2 - Expenditure on gaming by type, Australia, 2012-13

		Casino ¹	Gaming machines ²	Lotteries ³	Other ⁴	Racing	Sports Betting	All
ACT								
Aggregate	\$ million	17.086	177.155	24.105	0.240	24.136	-	242.722
Per capita	\$	57.68	598.04	81.37	0.81	81.48	-	819.38
NSW								
Aggregate	\$ million	1,057.507	5,250.473	536.574	134.713	862.258	111.151	7,952.676
Per capita	\$	185.76	922.28	94.26	23.66	151.46	19.52	1,396.94
NT								
Aggregate	\$ million	102.740	61.135	30.659	14.922	452.913	158.494	820.864
Per capita	\$	589.29	350.66	175.85	85.59	2,597.78	909.08	4,708.25
QLD								
Aggregate	\$ million	570.542	2,004.751	494.204	109.325	357.290	20.350	3,556.462
Per capita	\$	162.34	570.43	140.62	31.11	101.66	5.79	1,011.95
SA								
Aggregate	\$ million	143.688	730.588	131.087	18.103	99.649	9.576	1,132.691
Per capita	\$	109.90	558.77	100.26	13.85	76.21	7.32	866.30
TAS								
Aggregate	\$ million	92.532	113.337	44.107	29.166	39.327	1.856	320.325
Per capita	\$	232.97	285.36	111.05	73.43	99.02	4.67	806.51
VIC								
Aggregate	\$ million	1,536.120	2,490.490	527.306	13.894	613.365	160.081	5,341.256
Per capita	\$	346.28	561.42	118.87	3.13	138.27	36.09	1,204.05
WA								
Aggregate	\$ million	599.171	-	361.029	25.164	315.075	23.278	1,323.717
Per capita	\$	314.03	-	189.21	13.19	165.13	12.20	693.78
AUST								
Aggregate	\$ million	4,119.386	10,827.929	2,149.071	345.527	2,764.013	484.786	20,690.713
Per capita	\$	232.35	610.74	121.21	19.49	155.90	27.34	1,167.04

Please note that due to rounding totals may not equal the sum of individual values.

Source: Government Statistician, Queensland Treasury and Trade (2014) Australian Gambling Statistics 1987-88 to 2012-13 (30th edition). Refer to Appendix for explanatory notes.

Source: Australasian Gaming Council – A Guide to Australia's Gaming Industries, Chapter 3, 2014/15

It is clear from the data on expenditure by gaming type that people in Australia spend more on EGMs than any other form of gambling. Expenditure on gaming machines in 2012-13 totalled just over \$10.8 billion and accounted for 52.3% of all expenditure on the various gambling forms available²⁵.

Consistent with the Australia-wide trend, data on gambling expenditure by state indicates that Victoria's EGM expenditure was 46% of all gambling losses (see Figure 3).

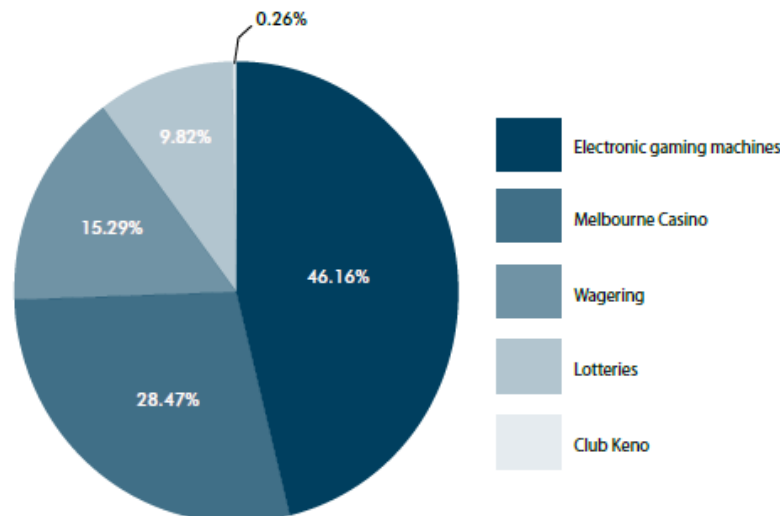
Victoria has the second largest aggregate expenditure on EGMs in Australia, following New South Wales (NSW) which has the highest aggregate and per capita expenditure rates. NSW has the highest number of EGMs in Australia at 95,178²⁶, with Victoria's totalling only a fraction of that at 28,860 EGMs²⁷. This demonstrates a correlation between higher expenditure and a greater number of EGMs available.

²⁵ Australasian Gaming Council – A Guide to Australia's Gaming Industries, Chapter 3, 2014-15

²⁶ Australasian Gaming Council – A Guide to Australia's Gaming Industries, Chapter 1, 2014/15

²⁷ Ibid.

Figure 3 - Gambling expenditure (player losses) by gambling type, Victoria, 2012-13



Data source: VCGLR Annual Report 2012-13

In 2014-15, \$2.57 billion was lost to gaming machines in Victoria²⁸. Figure 3 highlights the dominance of EGMs, with losses to EGMs outside the casino (in 2012-13) accounting for just under half of all types of gambling expenditure in Victoria (46.16%).

Although expenditure on EGMs still far outweighs expenditure on other gambling forms, expenditure per capita data over the last decade (1994-2011) has seen changes in the way people gamble. The amount spent per capita on sports gambling grew by more than 230%, with real expenditure per capita for EGMs increasing by 23% in the same period.²⁹

In 2001, the Government made it an offence for online gambling operators (including those based offshore) to offer 'real-money' online interactive gambling to residents of Australia, but it does not prohibit users of the service. Interactive gambling includes games like roulette, blackjack and online pokies. However, the *Interactive Gambling Act 2001* allows sports betting through licensed operators and online lotteries.

The prevalence of online gambling in Australia has grown significantly, in line with increased accessibility to the internet³⁰. However there is difficulty in capturing the amount spent by Australians on online gambling since many of the services provided are prohibited and not captured by the tax system.³¹

Although the rate of sports betting has increased dramatically in recent years, the amount of expenditure per capita is still significantly lower than expenditure per capita from EGMs. For example, in 2011-12 real per capita sports betting expenditure was only \$29.5 while real per capita gaming expenditure was \$615.93 (from EGMs). It's important to recognise the use of online gaming cannot be regulated by Council; however this issue can be addressed through

²⁸ VCGLR – Electronic Gaming Machine LGA Level Expenditure Data June 2015

²⁹ VCGLR Annual Report 2013-14

³⁰ Final Report 2012 - Review of the Interactive Gambling Act 2001, Department of Broadband, Communications and the Digital Economy, Australian Government.

³¹ Productivity Commission, Inquiry Report on Gambling (2010), p. 2.4.

related advocacy and information programs. Council has committed to advocating for further research into the impacts of online gambling as part of Action 6.9 of the Knox Community Safety Plan 2013-17.

The Productivity Commission (1999) study found that while 20% of Australians are regular non-lottery gamblers, they account for 80% of total gambling losses. Similarly, the incidence of 'problem' gamblers at 2.1% (comprising 1% of the adult population with 'severe' problems together with a further 1.1% with 'moderate' problems which may not require treatment but still warrant a policy concern) is highest for EGM players. EGMs are associated with 65-80% of problem gamblers receiving counselling.³² More recent figures from the Productivity Commission (2010) demonstrate a problem gambling rate of between 1.9 to 3.1% of adults in Australia. Evidence suggests that regular gamblers are more prone to developing problems.

The 2003 Victorian Longitudinal Community Attitudes Survey found that around 15% of regular gamblers were classified as 'problem' gamblers, with a further 15% of regular gamblers at risk of having, or developing, a gambling problem – as a consequence, the higher the rate of regular gambling, the higher the risk of problem gamblers in a community. It is important to note that the actual rates of regular gamblers are likely to be even higher – surveys most likely understate the true extent due to reluctance by respondents to respond truthfully.

7 Knox City Council –Gaming (EGM) Profile

7.1 Overview

Evidence from various Australian gambling studies established a significant connection between problem gambling, accessibility of gambling opportunities and gambling losses.

The 2003 Victorian Longitudinal Community Attitudes Survey established that gaming machines are a major source of gambling losses in the community and are over-represented amongst problem gamblers. Playing pokies is the favoured form of gambling among problem gamblers (84.2% of problem gamblers).³³ Given that EGMs are the basis for most gambling-related problems, the remainder of the Profile will primarily focus upon electronic gaming machines (EGM's)

7.2 EGM Number and Density, Knox

At December 2014 there were 11 gaming venues in Knox, with a total of 763 EGMs as set out in Figure 4 below. This places Knox as 12th highest in the state in terms of the total number of machines per municipality (after the rural City of Greater Geelong and ten other metropolitan municipalities – Monash, Brimbank, Greater Dandenong, Kingston, Wyndham, Casey, Mornington Peninsula, Hume, Darebin and Glen Eira).

³² Productivity Commission, 1999, Australia's Gambling Industries (National Gambling Survey)

³³ Victorian Longitudinal Community Attitudes Survey, 2003 p.22

Figure 4 - EGM Venues in the City of Knox, 2014

Venue	Address	Attached Entitlements	Licensed EGM's	Venue Type	Expenditure (July 2014-Dec 2014)
BAYSWATER HOTEL	780 MOUNTAIN HIGHWAY BAYSWATER VIC	80	105	Hotel	\$5,426,164.69
CLUB HOTEL (FERNTREE GULLY)	848 BURWOOD HIGHWAY FERNTREE GULLY VIC	40	45	Hotel	\$2,724,227.53
FERNTREE GULLY BOWLING CLUB	14 MERRICKS CLOSE FERNTREE GULLY VIC	34	34	Club	\$757,663.39
FERNTREE GULLY HOTEL	1130 BURWOOD HIGHWAY FERNTREE GULLY VIC	50	70	Hotel	\$2,516,738.97
KNOX CLUB	CNR STUD & BORONIA ROADS WANTIRNA VIC	100	100	Club	\$4,024,660.92
KNOX TAVERN	1 CAPITAL CITY BOULEVARD, KNOX DISTRICT CENTRE WANTIRNA SOUTH VIC	77	77	Hotel	\$1,593,960.23
STAMFORD HOTEL	CNR STUD & WELLINGTON ROAD ROWVILLE VIC	85	103	Hotel	\$6,773,870.19
THE ROYAL HOTEL FERNTREE GULLY	1208 BURWOOD HIGHWAY FERNTREE GULLY VIC	70	90	Hotel	\$3,943,301.50
WANTIRNA CLUB	350 STUD ROAD WANTIRNA VIC	87	87	Club	\$2,546,331.52
WANTIRNA HILL CLUB	715 BORONIA ROAD WANTIRNA	60	60	Club	\$1,703,616.88
ZAGAME BORONIA	112 BORONIA ROAD BORONIA VIC	80	80	Hotel	\$6,002,289.73
		763	851		\$38,012,825.55

Source: VCGLR

Note: Licensed EGM number is the maximum number of machines that can operate in the venue. To operate a machine you need to have a gaming machine entitlement (see attached entitlements).

There has been a reduction of 92 EGMs in all Knox venues since 2009. This represents an 11% decrease in the number of EGMs in Knox over the last six years, and a corresponding decline in EGM accessibility. In 2009 Knox had 855 EGMs (located at 11 venues³⁴) and was ranked 8th highest in Victoria for the number of machines located within a municipality (see Figure 5 below).

In 2013-14 Knox had a density of gaming machines of 6.12 machines per 1,000 adults (see Figure 9). This is higher than the Melbourne metropolitan average of 5.48 machines per 1,000 adults. However it is lower than the state average of 6.42 machines per 1,000 adults. This puts Knox's ranking as 36th highest density for the state, and 14th highest of the 31 metropolitan municipalities in 2013/14³⁵.

The Productivity Commission study (1999) was clear in its finding that the greater the profile (number and availability of EGMs), the greater the risk to individuals of problem gambling.

The following table indicates the steady growth of EGMs across the state and Knox, since their introduction into Victoria in 1992. The number of EGM's steadily increased across all geographies from 1992 until the latter part of the first decade of the 2000's when numbers began to decline in metropolitan Melbourne, including Knox, and in Victoria generally. The last year or two has seen numbers stabilise in Knox and begin to increase slightly again in metropolitan Melbourne and state-wide.

³⁴ The majority of venues remained the same apart from the loss of the Vermont Football Club (60 EGMs) and the addition of the Wantirna Hill Club (60 EGMs).

³⁵ Converting number of machines into a rate per 1000 adults over 18 year of age enables direct comparison of the accessibility or 'reach' of EGMs in different areas.

Figure 5 Number and density (EGM machines per 1000 adults) Knox, Melbourne & Victoria, 1992-2014

Year	Knox		Metro Melbourne		Victoria	
	No. machines	EGMs/1000 adults	No. machines	EGMs/1000 adults	No. machines	EGMs/1000 adults
1992	0				3929	
1993	449				13661	
1994	609				17531	
1995	703				21268	
1996	668				23478	
1997	837				25962	
1998	911				26965	
1999	902				27289	
2000	909				27408	
2001	904				27444	
2002	904				27400	
2002/03	845	8.01	19921	7.3	28959	6.89
2003/04	845	7.51	19791	7.09	27132	7.11
2004/05	845	7.43	19848	7.01	27124	7.01
2005/06	861	7.49	19822	6.9	27147	6.92
2006/07	855	7.37	19832	6.81	27174	6.83
2007/08	855	7.37	19443	6.6	26797	6.64
2008-09	845	7.13	19312	6.26	26682	6.39
2009-10	843	7.04	19235	6.12	26553	6.25
2010-11	865	7.16	19276	6.03	26558	6.14
2011-12	800	6.53	18655	5.65	25876	6.26
2012-13	763	6.17	18508	5.51	26068	6.46
2013-14	763	6.12	18727	5.48	26360	6.42

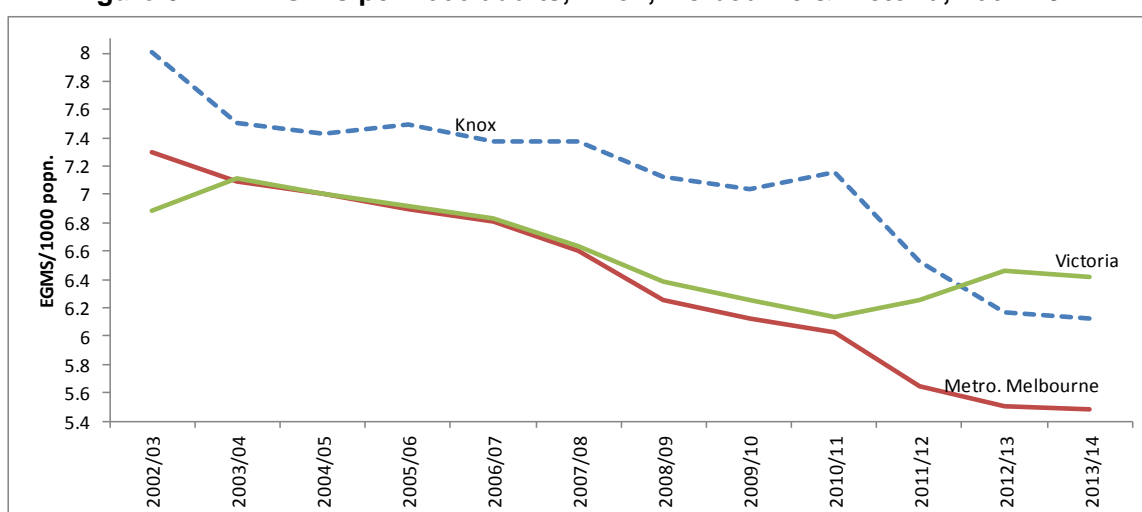
Source: 1992-2002 data (VCGR) EGM Summary @ June each year; 2002/03-2006/07 data (VCGR) EGM Statistics by LGA; 2007/08 data (VCGR) Statistical Data Fact Sheet (Number of machines, Victoria) and (VLGA) Gambling Indicators for Local Areas (Number of machines, metropolitan Melbourne); 2009-2014 data from Gaming Expenditure by Venue Spreadsheet on Victorian Commission for Gaming and Liquor Regulation website.

By contrast EGM density (number of machines per 1000 adults) has steadily declined over time as the gross number of EGM's reaches its ceiling and the number of adults continues to grow in line with population ageing. The outcome for Knox has been a decline in gaming machine density since 2002, consistent with declines for Melbourne and Victoria (Figure 6).

In 2013-14, Knox had a density of 6.12 machines per 1000 adults compared with 5.48 per 1000 adults for the metropolitan area (though lower than the state average, 6.42 per 1000 adults).

Despite a decline in the number of local EGM's and a reduction in EGM density, Knox continues to have a consistently higher than average rate of gaming machines to population compared to metropolitan Melbourne. And only in the last two years has EGM density in Knox fallen below the state average (see Figure 6).

Figure 6 EGM's per 1000 adults, Knox, Melbourne & Victoria, 2002-2014



Source: 2002/03-2006/07 data (VCGR) EGM Statistics by LGA; 2007/08 data (VCGR) Statistical Data Fact Sheet (Number of machines, Victoria) and (VLGA) Gambling Indicators for Local Areas (Number of machines, metropolitan Melbourne and Knox); 2009-2014 data from Gaming Expenditure by Venue Spreadsheet on Victorian Commission for Gaming and Liquor Regulation website.

7.3 EGM Expenditure, Knox

While the number and density of EGMs in Knox has decreased in recent years, expenditure has also declined. Table 2 below indicates that losses have also declined from the high point of total losses in 2008/09. Knox's gaming machine losses in 2013-14 (\$74.2 million) have dropped significantly since the initial review (\$87.5 million in 2007-08). This may indicate that the introduction of recent policies in harm minimisation and support programs have had some success.

However, Figure 7 below reveals that the losses per adult in Knox have consistently been higher than average losses per adult in metropolitan Melbourne, and have remained above the Victorian average since 2007/08. In 2013/14 the loss per adult in Knox was \$594.74 which is 3.5% higher than the average loss per adult for metropolitan Melbourne (\$574.33) and 9.4% higher than the average loss per adult for the state (\$543.69).

Figure 7 Gaming machine losses – total & per capita (adults) in Knox 1992-2014

Year	Knox		Metro. Melb	Victoria
	EGM losses	EGM losses per adult	EGM losses per adult	EGM losses per adult
1992/93	\$12,369,677			
1993/94	\$36,962,407			
1994/95	\$43,738,445			
1995/96	\$51,433,420			
1996/97	\$57,027,589			
1997/98	\$65,911,416			
1998/99	\$77,477,121			
1999/2000	\$85,393,825			
2000/01	\$92,597,696			
2001/02	\$95,126,644	\$913.19 ³⁶		
2002/03	\$84,467,259	\$800.60	\$677.35	\$627.39
2003/04	\$79,908,411	\$709.83	\$646.54	\$600.23
2004/05	\$83,720,316	\$735.85	\$664.77	\$618.27
2005/06	\$87,180,103	\$758.60	\$678.87	\$629.98
2006/07	\$86,393,070	\$744.84	\$688.17	\$639.12
2007/08	\$87,506,812	\$746.73	\$679.57	\$637.83
2008/09	\$89,194,002	\$752.93	\$687.19	\$648.81
2009/10	\$83,282,383	\$695.78	\$649.00	\$610.89
2010/11	\$84,037,698	\$695.38	\$650.72	\$613.44
2011/12	\$85,588,265	\$698.23	\$637.97	\$601.67
2012/13	\$74,895,446	\$605.23	\$581.43	\$549.50
2013/14	\$74,200,233	\$594.74	\$574.33	\$543.69
Total	\$1,534,458,578			

Source: VGCR historical data;

Gaming machine losses in Knox in 2013/14 of \$74.2 million equates to about \$25.30 for every Knox household in 2014, though this loss varies according to location (See Knox Suburbs below).

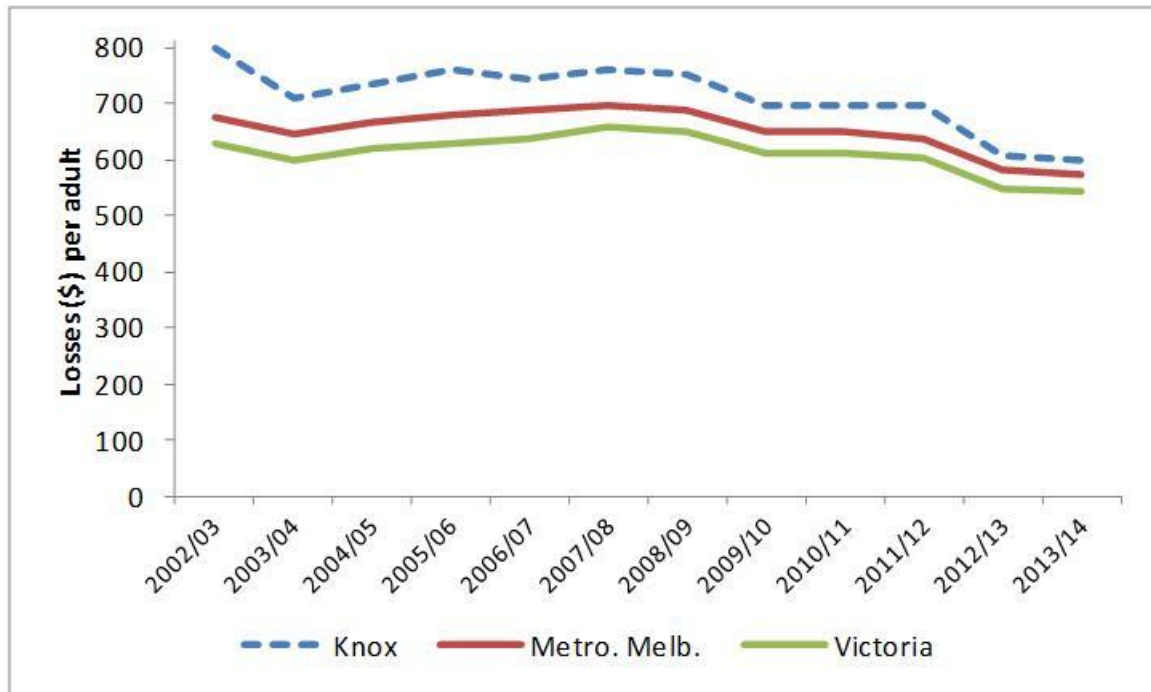
Knox's gaming machine losses total in excess of \$1.5 billion over the last 22 years (1992-2014). If adjusted for inflation (i.e. converting into 2014 dollars in terms of purchasing power), the value of the loss to the community is in excess of \$2 billion (\$2,097,000,000) since gaming machines were introduced – equivalent to \$17,122 for every adult currently resident in Knox³⁷. This loss is higher than the metropolitan and state averages of \$13,359 and \$12,562 per adult respectively, over the same period.

³⁶ 2001/02 estimate - based on estimated resident population, June 2001 (ABS); 2009-2014 data from Gaming Expenditure by Venue Spreadsheet on Victorian Commission for Gaming and Liquor Regulation Website.

³⁷ Calculation based on adjusting all figures to the June 2014 quarter, using the 'All Groups CPI' for Melbourne. Cumulative losses of \$1534 million (\$1.5 billion) converted to equivalent 2014 dollars – the equivalent value of what dollars would buy in previous years in 2014 dollars. Loss per adult as quoted in Social Statistics, based on Victorian Commission for Gambling and Liquor Regulation data.

Even when allowing for population size, Knox still rates highly in terms of per capita gaming machine losses. As indicated in Figure 8 below, Knox has consistently had a higher than average rate of gaming machine loss per adult compared with metropolitan Melbourne and Victoria.

Figure 8 Per capita gaming machine losses, Knox, Melbourne & Victoria, 2002-2014



Source: Victorian Commission for Gambling and Liquor Control; 2009-2014 data from Gaming Expenditure by Venue Spreadsheet on Victorian Commission for Gaming and Liquor Regulation website.

8 Knox Suburbs - Geographic Distribution of Gaming Costs

A Victorian Competition and Efficiency Commission’s (VCEC) analysis of 2010-11 data provided by VCRG³⁸ generally supports the existence of a relationship between higher prevalence rates of problem gambling in metropolitan areas and a:

- higher concentrations of EGMs;
- higher average net and relative expenditure on EGMs;
- higher level of relative socioeconomic disadvantage (based on SEIFA score).

The VCEC 2013 report identified that local characteristics may drive differences in the prevalence of problem gambling and therefore costs of problem gambling across geographical regions.

In metropolitan regions, the number of EGMs, the level of total expenditure, and measures of socio-economic disadvantage broadly align with problem gambling prevalence rates.³⁹ The

³⁸ VCEC Final Report 2013 – Appendix I - Table 1.3

results for regional Victoria were inconsistent, however. The inconclusive nature of the study indicates that there are a number of potential drivers of the prevalence of problem gambling at a local level and each region should be evaluated on its merits.

8.1 EGM Density, Knox Suburbs

The decrease in the overall number of EGM's located in Knox corresponds with a decline in EGM density (machines per 1000 adults) between 2007 and 2014.

Figure 9 - Gaming machine density in Knox, June, 2007 and 2014

Environs ⁴⁰	EGM density (EGM's/1000 adults)		% Change
	2007	2014	
Bayswater	11.8	8.7	↓ 26%
Boronia environs ⁴¹	4.1	3.8	↓ 7%
Ferntree Gully environs ⁴²	11.5	8.4	↓ 27%
Rowville environs ⁴³	3.6	2.7	↓ 25%
Wantirna environs ⁴⁴	8.8	8.6	↓ 2.3%
Total Knox	7.4	6.1	↓ 18%
Metro. average	6.6	5.5	↓ 17%
Victorian average	6.6	6.4	↓ 3%

Source: 2007 figures - Allocation of machines by suburb - EGM machine numbers (VCGR Victorian gaming expenditure by venue); Population – id Forecast - estimated resident population, June, 2007; 2014 figures - Gaming Expenditure by Venue Spreadsheet, June 2014 on Victorian Commission for Gaming and Liquor Regulation website; Population – id. Forecast (2014) – estimated adult population by suburb, June, 2014.

EGM density has declined in all parts of Knox, particularly in Ferntree Gully environs, Bayswater and Rowville environs. Nonetheless, gaming machine density remains high in the more disadvantaged areas of Knox (see Figure 11). Rates in Bayswater and Ferntree Gully environs are over 50% higher than the metropolitan average, and 30% higher than the state average. The rate also remains significantly higher than average in the Wantirna environs which houses over 40% of Knox's total EGM's in four venues.

8.2 EGM Expenditure, Knox Suburbs

The expenditure data does not take into account whether the person using the machine lives in the local area, and it is open to the challenge that people do not necessarily stay within

³⁹ VCEC Final Report 2013 – section 1.4.3, p.11

⁴⁰ Environs are based on closest 'communities of interest'

⁴¹ When calculating machines/1000 adults -population estimates for Boronia includes The Basin

⁴² When calculating machines/1000 adults -population estimates for Ferntree Gully includes Upper Ferntree Gully

⁴³ When calculating machines/1000 adults -population estimates for Rowville includes Lysterfield

⁴⁴ When calculating machines/1000 adults -population estimates for Wantirna includes Wantirna South, Scoresby and Knoxfield.

their own 'community of interest',⁴⁵ nor do they necessarily travel from home to play the pokies.

However, the 2003 Victorian Longitudinal Community Attitudes Survey found that in metropolitan areas, travel patterns are localised. Of gaming machine players in metropolitan Melbourne, 59% travel less than 5km to a gaming machine venue, with 39.7% of them travelling less than 2.5km. Further, the majority of Victorian gaming machine players (82.7%) travel from home to get to a gaming machine pub or hotel. Therefore, while data on gaming machine density and expenditure based on suburb populations cannot be used as direct evidence, it is a significant indicator of geographic gambling patterns.

Figure 10 Estimated per capita gaming machine losses, Knox suburbs, 2013-14

Environs⁴⁶	No. EGM's	% total Knox EGM's	% Knox adult population⁴⁷	% total Knox gaming losses⁴⁸	Estimated EGM loss per capita adult 2013/14	EGM density⁴⁹
Bayswater	80	11%	8%	14%	\$1109	8.7
Boronia environs	80	11%	17%	15%	\$ 532	3.8
FT'Gully environs	194	25%	19%	25%	\$818	8.4
Rowville environs	85	11%	25%	16%	\$ 388	2.7
Wantirna environs	324	42%	31%	30%	\$ 584	8.6
Tot. Knox	763	100%	100%	100%	\$ 595	6.1
Metro.					\$ 574	5.5
Victorian					\$ 543	6.4

Source: Gaming Expenditure by Venue Spreadsheet on Victorian Commission for Gaming and Liquor Regulation website; Estimated resident population, June 2014, id Forecast

Bayswater and Ferntree Gully environs are over-represented in the per capita EGM loss figures in the table above. Additionally, each suburb's share of Knox's total gaming losses are much greater than their share of the municipality's adult population. Bayswater, with 8% of Knox's adult population, incurs 14% of Knox's total EGM losses while Ferntree Gully environs with 19% of the adult population, incurs 25% of all losses. The reverse is true of Rowville environs which houses 25% of the municipality's adults, yet incur 16% of EGM losses.

⁴⁵ VCGC data includes a disclaimer that even LGA level data does not take into account the amount of expenditure coming from persons not resident to the LGA)

⁴⁶ Environs - based on closest 'communities of interest' - Population data for Boronia includes The Basin; population data for Rowville includes Lysterfield, population data for Ferntree Gully includes Upper Ferntree Gully; and population data for Wantirna includes Wantirna South, Scoresby and Knoxfield.

⁴⁷ Estimated resident adult population, June 2014

⁴⁸ Based on location of venue.

⁴⁹ EGM's/1000 adults, June 2014

The rate of gaming machine losses varies considerably across Knox. Bayswater and Ferntree Gully environs sustained the highest per capita losses, with rates in 2013/14 that were far higher than the Knox average. Per capita losses in Bayswater were twice the Knox, metropolitan and state averages and over 40% higher in Ferntree Gully environs.

The rate of player losses in other parts of Knox are average or below the metropolitan and state averages. The Knox municipality's higher than average gaming machine player losses, is influenced by the results for Bayswater and Ferntree Gully environs.

Higher player losses in parts of Knox correspond with higher gaming machine density per 1000 adults – one increasing with the other. This highlights the relationship between higher EGM accessibility and player losses. Similarly, review of the data indicates that per capita EGM losses by suburb have decreased ⁵⁰ since the initial review in 2007/08 in line with the reduction in number of EGM's in Knox and its suburbs.

8.3 Socio-Economic Indexes for Areas (SEIFA), Knox Suburbs

8.3.1 Overview

While acknowledging that gambling and gambling-related problems occur among all segments of the community, the National Institute of Economic Research concluded, in its study of gambling patterns in Australia, that losses were largely sustained by those who could least afford them: people on lower incomes, in manual employment and the elderly (2000).

The report found that others with higher status occupations were inclined to spend less on gambling. Further research has found gambling losses tend to be concentrated among less affluent communities (South Australian Centre for Economic Studies, 2005; McMillen, cited in Senate Standing Committee on Community Affairs, 2008; Welte et al 2003; Anglican Diocese of Melbourne Social Responsibilities Committee, 2008)⁵¹

The relationship between social disadvantage and gambling losses is illustrated in the following graph which compares per capita gaming machine losses in Knox suburbs with their Socio-Economic Indexes for Areas (SEIFA) index value.

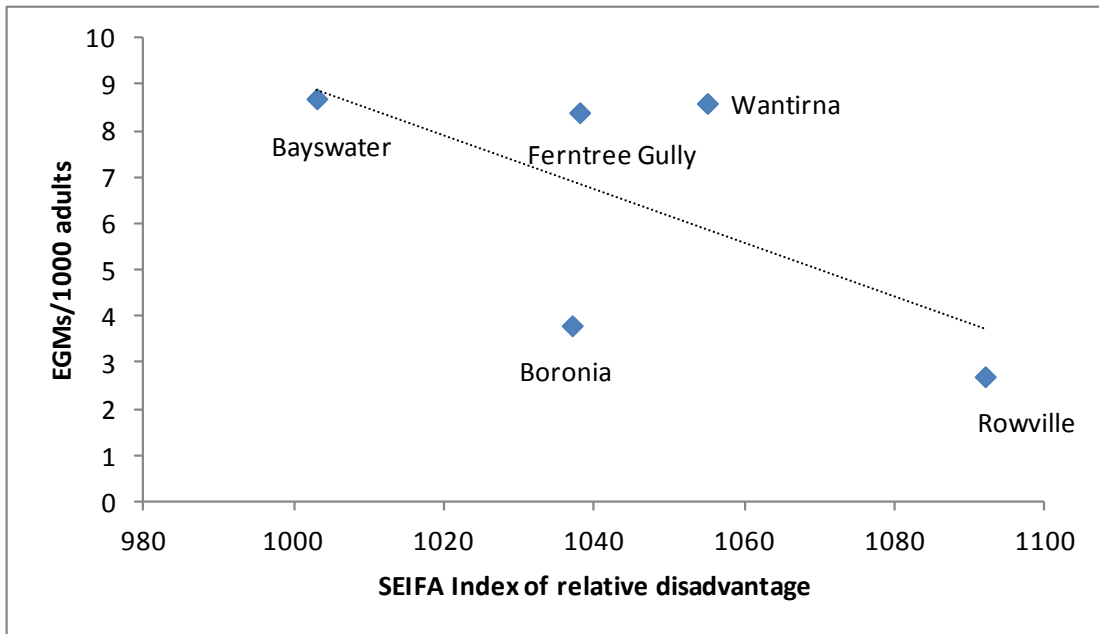
8.3.2 SEIFA Index and Density

There is a broad association between EGM access and disadvantage when the density of EGM's per 1000 adults is compared with the SEIFA index for Knox environs (See Figure 11 below). The SEIFA index of Relative Socio-economic disadvantage, prepared every 5 years by the Australian Bureau of Statistics following the census, is based on a basket of variables drawn from the census indicative of 'disadvantage' (e.g. low income, low educational attainment, high unemployment and high rates of unskilled occupations). The most disadvantaged communities have the lowest SEIFA scores (See Map 2 in Section 9.4.1 for a spatial distribution of SEIFA scores in Knox).

⁵⁰ Decrease in per capita losses in all suburbs apart from a small increase in Boronia (from \$511 to \$532)

⁵¹ H. Brown, Basic Summary of Gambling Issues, 2009

Figure 11 EGM density by SEIFA index, Knox environs⁵², 2014



Source: EGM's/1000 adults –venue data by suburb, Gaming Expenditure by Venue Spreadsheet, June 2014 on Victorian Commission for Gaming and Liquor Regulation website; Population – id. Forecast (2014) – estimated adult population by suburb, June, 2014; SEIFA index, Index of Relative Socio-economic Disadvantage, 2011 (ABS)⁵³

Note: The most disadvantaged communities have the lowest SEIFA scores.

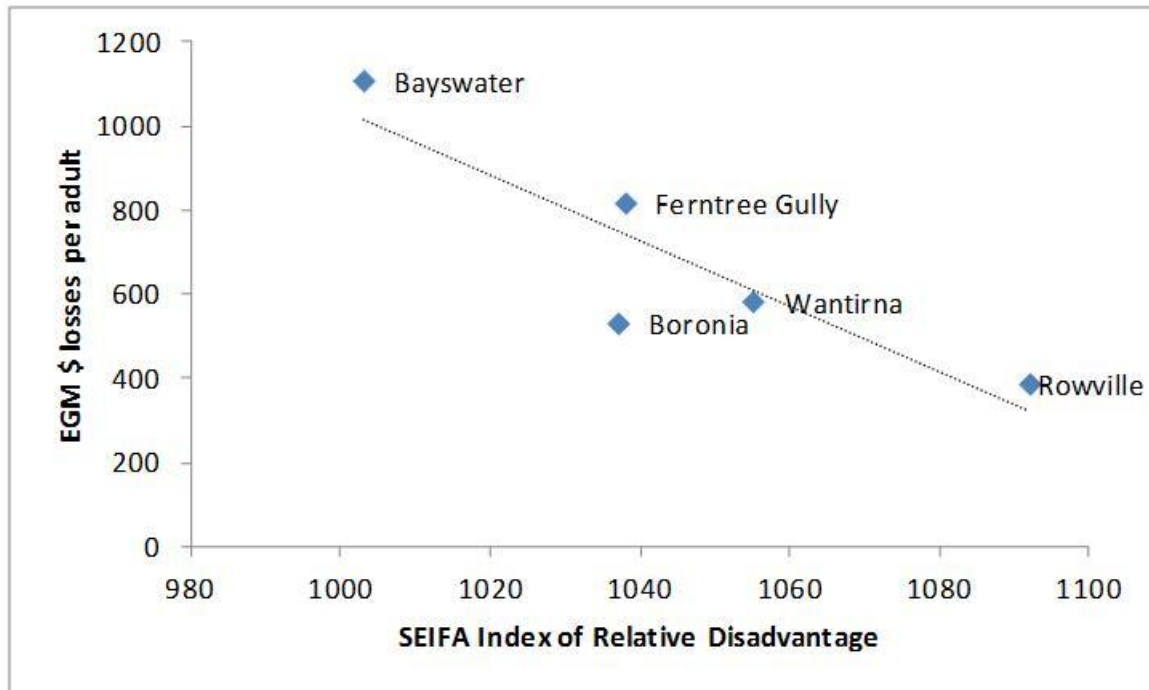
8.3.3 SEIFA Index and Loss per EGM

The graph below shows a strong association for higher rates of gambling losses to be incurred by the more disadvantaged communities. Boronia is an exception to this, as one of the more disadvantaged communities in Knox that does not strongly correlate with high EGM player losses. An explanation may be the considerably lower than average EGM density in Boronia at 3.8 machines per 1000 adults compared with metropolitan and state averages of 5.5 and 6.4 machines per 1000 adults, respectively.

⁵² Population estimates for Boronia includes The Basin; estimates for Rowville includes Lysterfield; estimates for Ferntree Gully include Upper FTG; and population data for Wantirna includes Wantirna South, Scoresby and Knoxfield – based on closest 'communities of interest'.

⁵³ Similarly, SEIFA index scores are averaged for suburbs incorporated into the various 'communities of interest'

Figure 12 Per capita gaming machine losses by SEIFA Index of Relative Socio-economic Disadvantage, Knox environs⁵⁴, 2014



Source: Gaming Expenditure by Venue Spreadsheet, June 2014 on Victorian Commission for Gaming and Liquor Regulation website; Population – *id. Forecast (2014)* – estimated adult population by suburb, June, 2014⁵⁵; SEIFA index, Index of Relative Socio-economic Disadvantage, 2011 (ABS)⁵⁶

Note: The most disadvantaged communities have the lowest SEIFA scores.

8.3.4 Household income and EGM data

Data on the proportion of median weekly household income lost to EGMs according to suburb, gives us an idea of the impact EGM losses may have on the local communities.

This is calculated by apportioning total EGM losses (2013/14) by suburb across the number of households to derive an average loss per household per week. This amount is then considered as a proportion of median household income each week⁵⁷. These figures are averaged across all households. In reality, some households would have no gaming machine expenditure, while others would be contributing disproportionately to total losses.

⁵⁴ Population estimates for Boronia includes The Basin; estimates for Rowville includes Lysterfield; estimates for Ferntree Gully include Upper FTG; and population data for Wantirna includes Wantirna South, Scoresby and Knoxfield – based on closest ‘communities of interest’.

⁵⁶ Similarly, SEIFA index scores are averaged for suburbs incorporated into the various ‘communities of interest’

⁵⁷ Median household income as per 2011 Census

Figure 13 Estimated gaming machine losses as a proportion of median household income, Knox environs⁵⁸, 2013/14

Suburb	Av. loss per week, 2013/14 (\$)	Av. Loss per week, 2007/08 (\$)	% median household income
Bayswater	\$42	\$57	2.6%
Boronia	\$20	\$20	1.7%
Ferntree Gully	\$33	\$46	2.5%
Rowville	\$17	\$21	1.3%
Wantirna	\$25	\$31	1.7%

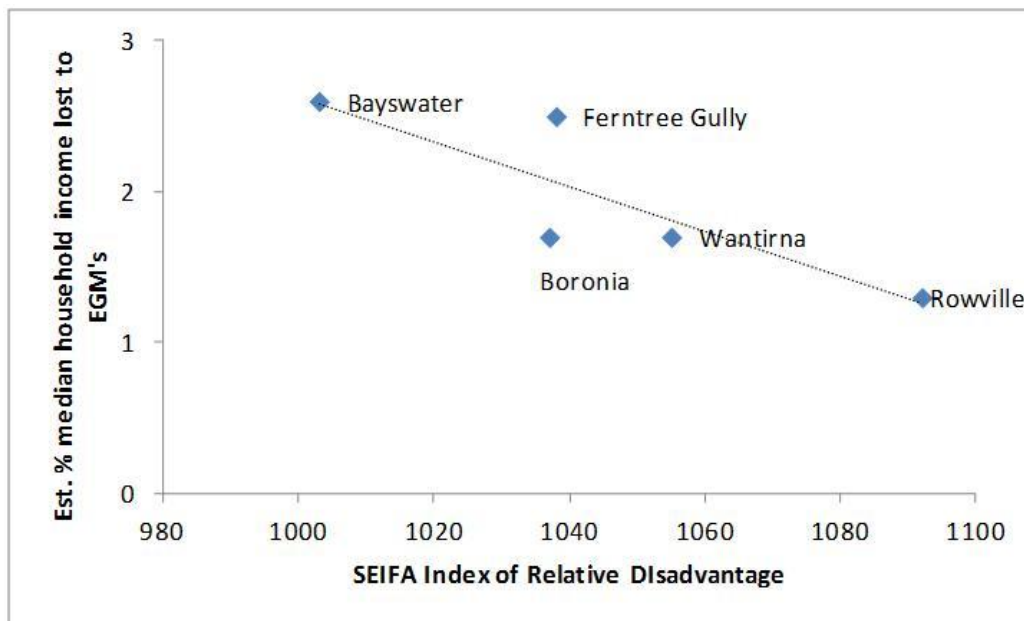
Source: 2011 Census (ABS) – median household weekly income (averaged in the case of 'communities of interest'); .id population forecast (estimated number of households by suburb @ June 2014); Gaming Expenditure by Venue Spreadsheet, June 2014 on Victorian Commission for Gaming and Liquor Regulation website (gaming losses, 2013-14)

The financial impact of EGM's in Knox has weakened since 2007. The decline in average weekly household losses since the initial review in 2007-08 may also reflect the (11%) reduction in EGM numbers in Knox (from 855 to 763) and the corresponding reduction in EGM accessibility (from 7.37/1000 adults to 6.12/1000).

This may also indicate that the introduction of recent policies to reduce the incidence of gambling related harm such as limits on consumer spending (such as reduced maximum bet limits, setting machine 'load up' limits and removal of ATM's from gaming venues) and programs to assist people to overcome gambling problems, have had some success.

⁵⁸ Household estimates for Boronia includes The Basin; estimates for Rowville includes Lysterfield; estimates for Ferntree Gully includes Upper FTG; and population data for Wantirna includes Wantirna South, Scoresby and Knoxfield – based on closest 'communities of interest'.

Figure 14 Proportion of median weekly household income lost to gaming machines by SEIFA Index of Relative Disadvantage, Knox environs⁵⁹, 2014



Source: Gaming Expenditure by Venue Spreadsheet, June 2014 on Victorian Commission for Gaming and Liquor Regulation website – expenditure by venue allocated by suburb; median household income (2011 Census); 2011 SEIFA Index (ABS); estimated 2014 households by suburb (id Consulting)⁶⁰Note that the most disadvantaged communities have the lowest SEIFA scores.

Figure 14 shows that when comparing gaming machine losses as a share of household income with socio-economic conditions across suburbs in Knox (as measured by SEIFA), the inverse relationship between size of gaming machine losses and the relative affluence of localities is still apparent (ie. average household losses increase as affluence decreases; average losses decrease as affluence increases).

9 Planning Policy Direction

There is a gap in the existing planning policy framework, where Councils are required under Clause 52.28 (Gaming) of the Victoria Planning Provisions to assess planning applications for new EGMs with no gaming related objectives or strategies in the State Planning Policy Framework. The purpose of the state standard provision recognises the need to assess the location of the proposal and any subsequent social and economic impacts; however, there is no specific policy direction on how this should be done.

Various local Councils and Planning Panels Victoria have agreed that this has created a policy vacuum where there is no strategic land use framework or guidance to assist responsible authorities. In such circumstances a local planning policy becomes vital to assist

⁵⁹ Household income data for 'Boronia' = average of data for Boronia and The Basin; data for 'Rowville' = average of data for Rowville & Lysterfield, data for 'Ferntree Gully' = average for Ferntree Gully & Upper Ferntree Gully; and data for 'Wantirna' = average of household income data for Wantirna, Wantirna South, Scoresby and Knoxfield – based on closest 'communities of interest'; SEIFA data is for the primary named suburb.

⁶⁰ SEIFA score and number of households by suburb combined as per the above methodology.

in the exercise of discretion⁶¹. Knox City Council's most recent Planning Scheme Review report⁶² has also identified the need to incorporate a local gaming policy in the Knox Planning Scheme.

As of July 2015, twenty-four councils have introduced gaming local policies, with another seven having broad gaming-related strategies within their Municipal Strategic Statement. Policy direction is being informed by various social studies and VCAT decisions on the matter. Given the similarity in the form and content of recently developed local planning policies, it is evident a consensus is being reached among decision makers on policy principles that can be used to inform decisions on appropriate locations for gaming machines.

Another driver of a local gaming policy relates to decisions by the Victorian Civil and Administrative Tribunal (VCAT), which indicate the Tribunal may be less sympathetic to EGM permit refusals by Councils with no strategic justification about preferential locations.

In *Richmond Football Club v Knox CC [2010] VCAT 1913* the Tribunal overturned the Council's decision to refuse the installation of ten additional gaming machines in the Wantirna Club. VCAT rejected the use of an informal Council gaming policy as evidence in support of the Council's decision as it did not form part of the planning scheme and had not been subject to public consultation or independent review.

This position was also taken in *CK & Sons Pty Ltd v Bayside CC [2010]*⁶³ which gave the Council's Electronic Gaming Machine Policy little weight as it was not contained in the planning scheme.

9.1 The difference between gaming and planning considerations

In *Richmond Football Club v Knox CC [2010] VCAT 1913* VCAT determined that the effect of proposed gaming machines on the social and economic wellbeing of the Knox community was not a relevant planning consideration. It was considered that this amounted to a relevant gaming consideration because it was similar to the 'no net-detriment' test the VCRG is required to consider under the *Gambling Regulation Act 2003*.⁶⁴ VCAT went on to specify that relevant planning considerations include:

- ensuring the social and economic effects of the *location* of proposed gaming machines are considered under the objectives of Clause 52.28 of the Knox Planning Scheme;
- considering, if relevant, any *significant* economic and social effects of the gaming machines in an application under the objectives of the *Planning and Environment Act 1987*.

This difference in relevant considerations between the gaming and planning approvals for new EGMs can be further demonstrated in *Melbourne CC v Kingfish Victoria Pty Ltd & Anor*⁶⁵ where the Tribunal upheld gaming approval but refused planning approval. The

⁶¹ Mitchell Planning Scheme Amendment C50 Final Panel Report page 17.

⁶² Knox Planning Scheme Review Report, April 2015, Glossop Town Planning & Keaney Planning

⁶³ VCAT 505 (19 March 2010)

⁶⁴ Gambling Regulation Act 2003 S 3.4.20(1)(c)

⁶⁵ (*Red Dot*) [2013] VCAT 1130

application was for an additional 54 EGMs in an existing hotel that was sited adjacent to an existing social housing facility for elderly and disadvantaged persons. The Tribunal member found that while the 'no net detriment' test under the Gambling Act was met, the planning assessment requires a location-specific assessment and the proposal would have an unacceptable planning outcome in this case. This reinforces the need for a local policy in the Knox Planning Scheme, in addition to other Council policies, to specifically provide principles and criteria to guide the assessment of planning impacts of new EGMs.

9.2 Net community benefit

Clause 10.04 of the State Planning Policy Framework (SPPF) of the Victoria Planning Provisions requires planning authorities to balance conflicting objectives in favour of net community benefit:

“Planning authorities and responsible authorities should endeavour to integrate the range of policies relevant to the issues to be determined and balance conflicting objectives in favour of net community benefit and sustainable development for the benefit of present and future generations.”

The consideration of social and economic effects of gambling under the *Gambling Regulation Act 2003* and the *Planning and Environment Act 1987* differ. Under the planning system, an applicant must go beyond 'break even' to create a net community benefit' as required by Clause 10.04 of the SPPF⁶⁶. This is a more onerous test than the gambling framework, which only requires that there be no detriment across the whole of the municipality.

Some VCAT decisions deemed it unnecessary to demonstrate an actual net benefit as it is not a test, but rather a policy consideration, and the absence of any clear net community benefit is not sufficient reason to refuse to grant a permit⁶⁷. Furthermore, Planning Panels⁶⁸ have anticipated it would be extremely difficult to establish that the installation of EGMs would create a net benefit to the community⁶⁹.

On balance, Clause 10.04 of the SPPF expects responsible authorities to endeavour to integrate a range of policies relevant to the issues to be determined and to balance conflicting objectives within these policies in favour of net community benefit and sustainable development⁷⁰. Bayside C98 Panel agrees that the integration of competing factors in the interests of a net community benefit is fundamental planning policy and a relevant consideration in assessing gaming proposals.

However, the issue of interpreting the meaning of 'net community benefit' for an individual application is still problematic.⁷¹ Various Planning Panels have considered that the policy treatment of this issue recommended by the Macedon Ranges C64 Panel represents a more reasonable basis for evaluation of proposals for EGMs. The Panel maintained a concept of

⁶⁶ *Beretta's Langwarrin v Frankston CC [2009] VCAT 74*

⁶⁷ *CK & Sons Pty Ltd v Bayside CC [2010] VCAT 505*

⁶⁸ Panel appointed by the Minister for Planning under the *Planning and Environment Act 1987* to hear submissions and provide advice on amendments to planning schemes.

⁶⁹ Bayside Planning Scheme Amendment C98 Panel Report (10 January 2012)

⁷⁰ *Bright Newbay Pty Ltd v Bayside CC [2010] 1347 (11 August 2010)*

⁷¹ *Campaspe Planning Scheme Amendment C87 Panel Report (22 February 2012)*

net outcomes, which suggests measures to offset adverse impacts in addition to harm minimisation measures.⁷²

To assist with this determination, local gaming policies in planning schemes often require applicants to include a Social and Economic Impact Assessment which provides an assessment of the social and economic benefits and dis-benefits of the proposal in keeping with the expectation of Clause 10.04 of the SPPF.

9.3 Performance-based criteria

The prohibition of gaming machines in shopping strips and complexes is a mandatory provision designed to prevent EGMs from locating in particular areas to mitigate adverse impacts associated with gaming. Gaming-related policy inherently contains competing objectives of allowing access to gaming as a legitimate recreational activity and recognising its harmful social and economic impacts by implementing harm minimisation measures.

A responsible authority, in determining planning applications for new EGMs, is required to balance these competing objectives to determine whether the proposal would result in a net community benefit. As discussed by various panels and tribunal members in Section 9.2, a net community benefit for EGMs would be difficult to establish, and a 'net-outcomes' focus is the preferred approach. To give greater guidance to responsible authorities making these decisions, performance criteria for acceptable locations for new EGMs needs to be included in a local policy. A common theme in recent local gaming policies is identification of:

- *appropriate areas* - often related to preferred distance of EGMs from vulnerable communities and EGM density mitigation;
- *appropriate sites* - often related to ease of access, proximity to commercial centres, etc. And;
- *appropriate venues* - features of venue that would host the proposed EGMs in terms of offering a range of alternative recreational activities, promote responsible gaming practices, etc.

9.4 Principles

A review of the relevant body of research and legislative framework on gaming in Victoria, combined with an understanding of how gaming currently operates in the local Knox context, leads to the emergence of a number of key principles which can be used as a basis for performance criteria in the Knox Planning Scheme.

The application of these principles to the specific issues, context and circumstances of gaming in Knox provides useful and relevant strategic guidance to Council in assessing gaming applications under the *Planning and Environment Act 1987*. The following discussion on 5 key principles discusses each principle, how it applies to the Knox context and provides policy direction on how it can be used and interpreted in the planning system.

Ideally, these principles should form part of a local policy framework within the Knox Planning Scheme which can assist and guide Council in exercising its discretion for gaming applications and gaming premises under the *Planning and Environment Act 1987*.

⁷² Bayside Planning Scheme Amendment C98 Panel Report (10 January 2012)

9.4.1 Principle 1 - Accessible but not convenient

Overview

Clause 52.28 of the Victoria Planning Provisions, in its drafting to allow prohibition of EGMs in shopping centres and shopping strips, reflects a view that the temptation to 'convenience gambling' should be avoided by controlling the location of EGMs.

'Convenience gambling' is defined as people going about other business and being confronted with opportunities to gamble that they have not set out to find. This is applicable to people in various walks of life and various strata of financial resources.⁷³ This can be particularly challenging for problem gamblers because, although they would still go to inconvenient locations to gamble, on the occasions where they are going about other business or trying to avoid gambling venues, they can be confronted by such opportunities. This can be avoided by preventing the establishment of gambling venues in and about places where people will go for other convenience shopping, for example, supermarkets, convenience shops, milk bars, hairdressers, newsagents and so on for daily, weekly or other regular needs.

The Victorian Government made its intentions about convenience gaming clear in the introduction of Clause 52.28 in the Victoria Planning Provisions in 2006. This allowed local councils to have a say in the placement of gaming machines in their communities, and allowed them to define particular shopping strips or shopping complexes EGMs are prohibited in.

In assessing suitable locations, the principle of locating EGMs in inconvenient locations must be balanced with other considerations. Activity centres have traditionally been the preferred location for concentration of entertainment and recreation facilities away from quiet residential areas and in locations with good links to public transport and other services. This competing criteria must be balanced by identifying appropriate sites within an activity centre where gaming machines are preferred to be located, perhaps close to the periphery of an activity centre, but not within the core retail centre or proximate to key transport links.

These accessible spatial factors must also be considered alongside demographic factors such as the SEIFA index and EGM density per 1000 adults to determine more or less appropriate locations for EGMs.

Application of Principle 1 (accessibility) to the Knox context

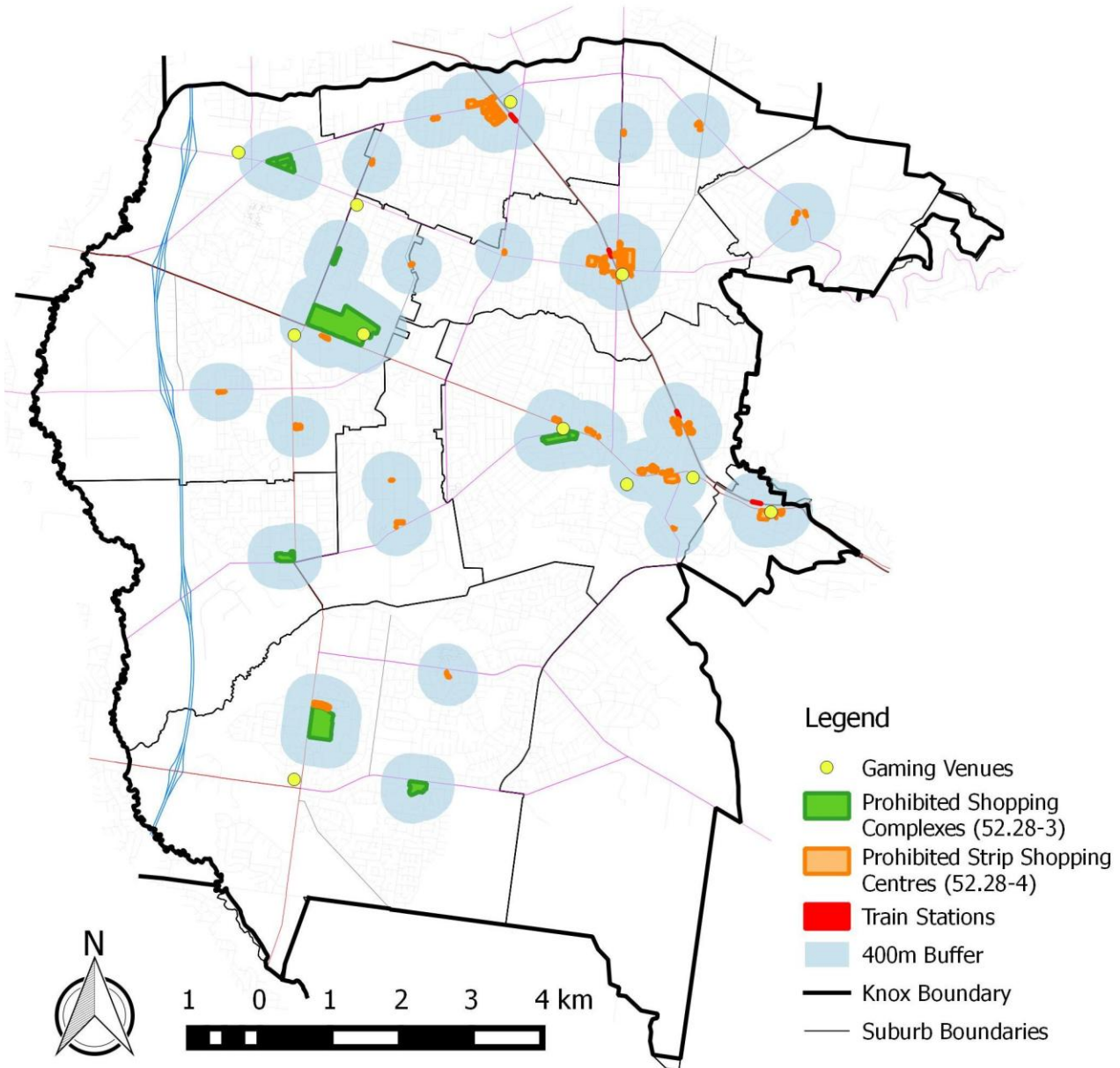
There are 11 existing venues within Knox, with 763 EGMs operating as of 2013-14. Knox has a municipal limit under the *Gambling Regulation Act 2003* of 1,173 machines. With the limit not yet reached, there is the potential for new gaming venues and a significant number of additional EGMs to be proposed into the future, along with the relocation of existing EGMs.

The existing venues are principally located along major roads and junctions, with a higher concentration of venues in Wantirna and Ferntree Gully (See Map 1). All of the venues are located in highly visible locations and some are in readily accessible locations. There are 3 venues located in close proximity to train stations along the Belgrave line, of which 2 are in the top 3 venues in Knox that have generated the highest player losses (Bayswater Hotel and Zagames). Stamford Hotel, which generates the highest proportion of gaming losses per EGM (see Figure 15) is located at the junction of Wellington and Stud Roads and well-served by 5 bus routes (900 and 901 Smart bus routes and 691, 754 and 681 bus routes).

⁷³ *Queensberry Hotel Pty Ltd v Minister for Planning* [2013] VCAT 444 (21 March 2013).

Only 2 of the venues are located in close proximity to shopping strips and complexes listed as prohibited in the schedules to Clause 52.28, however most venues are located in close proximity to commercial areas.

Map 1: Gaming Machine Accessibility (2015)



Note: Areas coloured green are based on prohibited shopping complexes listed in the schedule to Clause 52.28-3. Areas coloured orange are based on prohibited shopping strips as defined by Clause 52.28-4 in September 2015. This is subject to change over time and assessments should be made 'on the ground' at the time of considering an application.

Figure 15 – EGM Expenditure by venue (average daily loss per EGM 2013/14)

Venue	Number of machines	Average daily loss per machine
Stamford Hotel	85	\$388.32
Zagames	80	\$384.21
Bayswater Hotel	80	\$347.44
Club Hotel	40	\$341.08
Royal Taverner	70	\$304.64
Knox Tavern	77	\$270.22
Ferntree Gully Hotel	50	\$260.29
Knox Club	100	\$188.72
Wantirna Hill	60	\$150.97
Wantirna Club	87	\$130.41
Ferntree Gully Bowling	34	\$108.38

Source: Gaming Expenditure by Venue Spreadsheet, June 2014, Victorian Commission for Gaming and Liquor Regulation

Principle 1 (accessibility) policy direction

The objective of Principle 1 is to minimise convenient access to gaming and temptations for regular and problem gamblers going about their day to day business.

The Knox Planning Scheme, Clause 52.28 schedules contain prohibition of EGMs in all shopping complexes and specific shopping strips. However, further policy direction is needed to determine the characteristics of other inappropriate areas. There is a need to make clear in a local gaming policy that those areas within easy walking distance of shopping centres and strips are also not suitable for gaming to minimise the incidence of convenience gaming. Further to this, the purpose of the shopping strip/centre prohibitions in Clause 52.28 would be undermined if a new gaming venue was to locate adjacent to or directly opposite a prohibited location. Specific reference to minimum separation distances from prohibited shopping strips and complexes would be useful.

Preventing ‘convenience gambling’ requires consideration of the ease of access from public transport nodes to proposed new gaming venues or EGMs. The compact and walkable neighbourhoods objectives of Rescode (Clause 56 of the VPP) identifies easy street walking distances of 400m for a bus stop, 600m for a tram stop and 800m for a train station. These distances have been used by other councils in local gaming policies as a basis for discouraging EGMs from locating close to public transport nodes.

Caution should be exercised in further consolidating growth of EGMs at the Bayswater Hotel, Zagames and Stamford Hotel given their proximity to train stations and bus routes.

Including a range of performance-based criteria for appropriate locations can aid in encouraging venues to locate away from residential and other undesirable locations. For example, it is considered desirable that gaming machines are located in activity centres, but outside of the core pedestrian routes and the core shopping, transport, community and civic functions of the centre.

9.4.2 Principle 2 – Minimising harm to vulnerable communities

Overview

There is now a general consensus that problem gambling is more likely to arise in areas of socio-economic disadvantage, with the data on disadvantaged areas broadly correlating to higher levels of expenditure or player losses⁷⁴.

It should be recognised that problem gamblers can come from any financial strata in society⁷⁵, however people with very limited financial resources are least equipped with the resources to cope with the consequences of problem gambling.

Socially disadvantaged communities can be identified by the Australian Bureau of Statistics (ABS) Socio-economic Indexes for Areas (SEIFA) Index of Relative Socio-economic Disadvantage (IRSD). The IRSD is a general socio-economic index that summarises a range of information about the economic and social resources of people and households within an area. The data is drawn from statistical collection district level 1 (SA1) and is made up of attributes that reflect disadvantage such as low income, low education, high unemployment and unskilled occupations. The average IRSD score across Australia is 1000, with low scores indicating relative disadvantage and high scores indicating a relative lack of disadvantage⁷⁶.

Other locations not captured by the SEIFA Index but associated with vulnerable communities include identifying service providers like a welfare office or social support services in close proximity to a proposed gaming venue. On analysing the location of new EGM proposals close to socially disadvantaged communities the following VCAT discourse is relevant:

- The social and economic impacts of a gaming proposal on a proximate community of disadvantage may, in certain circumstances, lead to a conclusion that the location of a venue is inappropriate.⁷⁷
- Rather than just considering the distance itself, the characteristics of the distance (e.g. practical factors like crossing major roads or a bridge) can work to discourage residents of nearby housing facilities from using new EGMs⁷⁸.

Applying Principle 2 to the Knox context

Knox, with an overall IRSD score of 1050, is relatively less disadvantaged compared to the national average and is ranked the 12th least disadvantaged municipality in the state⁷⁹. Knox is also less disadvantaged than Metropolitan Melbourne which has an average IRSD score of 1024. Despite this, 13% of Knox's collection districts have an IRSD score of below 1000, revealing concentrations of more localised areas of disadvantage relative to the national average.

Section 8.3.3 of this report shows a strong association for higher rates of gambling losses to be incurred by the more disadvantaged communities within Knox. Additionally, section 8.3.4 shows the Knox suburbs with the highest proportion of median weekly household income lost to EGMs generally correlates with the suburbs with the lowest SEIFA scores (most disadvantaged communities).

⁷⁴ *Mount Alexander Shire Council v Victorian Commission for Gambling and Liquor Regulation and others* [2013] VCAT 101

⁷⁵ *Queensberry Hotel Pty Ltd v Minister for Planning and Community Development* [2013] VCAT 444

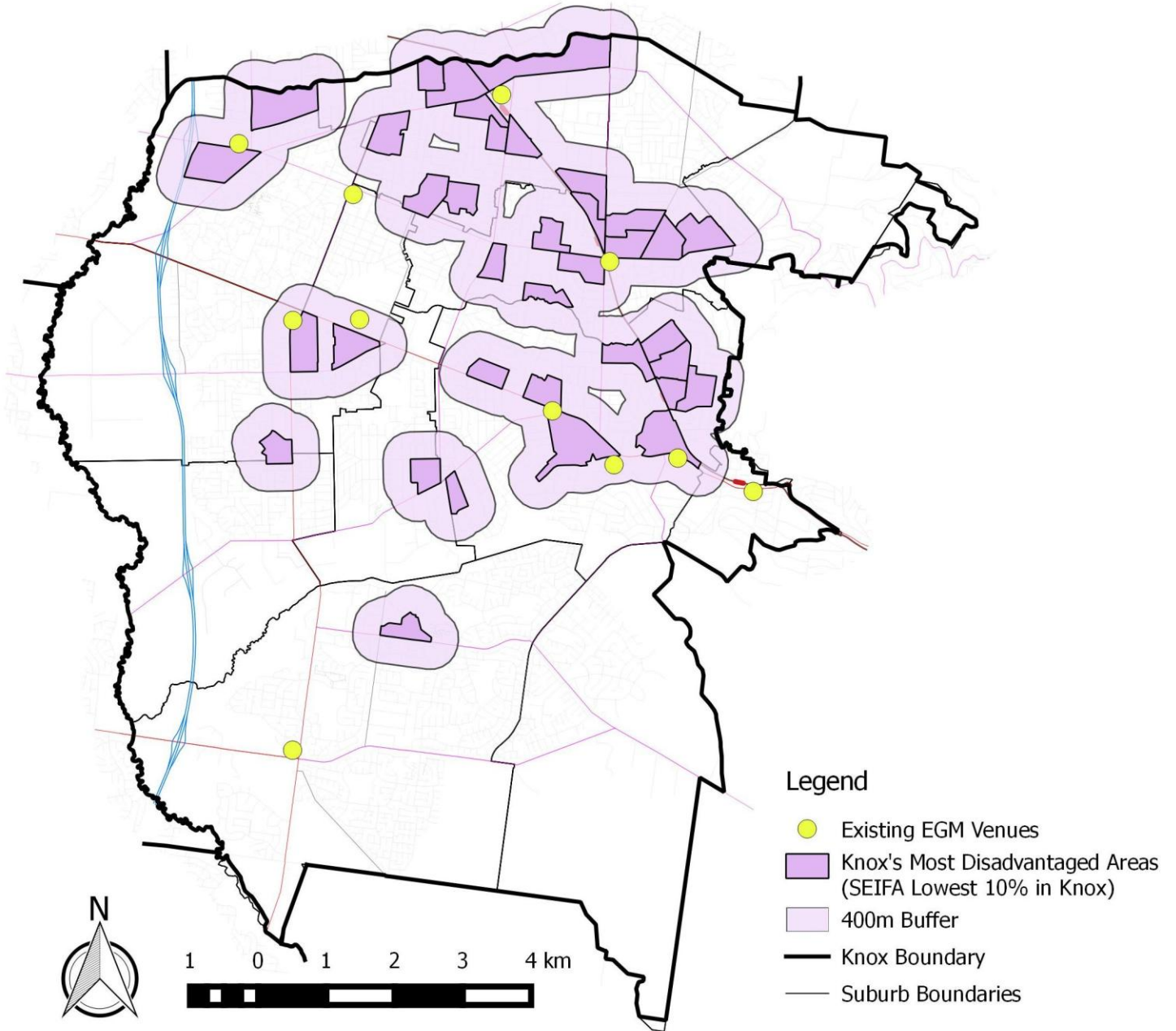
⁷⁶ An Introduction to Socio-economic Indexes for Areas, 2039.0, Australian Bureau of Statistics 2006

⁷⁷ *Bells Hotel Pty Ltd v Port Phillip CC* [2010] VCAT 569 (p37)

⁷⁸ *Melbourne CC v Kingfish Victoria Pty Ltd & Anor (Red Dot)* [2013] VCAT 1130 (p.143)

⁷⁹ Australian Bureau of Statistics, SEIFA Index 2011

Map 2: Knox SEIFA Index of Relative Socio-economic Disadvantage (2011)



Source: ABS data 2011

Note: the most disadvantaged communities have the lowest SEIFA scores

Principle 2 policy direction

The correlation between higher gaming machine expenditure and areas of greater disadvantage should be addressed in a local policy for gaming by ensuring that EGM venues and machines are not located in positions that make them convenient to use by vulnerable members of the community.

A regular method adopted by local gaming policies is to discourage locating EGMs or venues within a certain distance (e.g. 400m using the ResCode defined convenient distance to a bus stop) of areas of relative socio-economic disadvantage. Other councils with local gaming policies have often defined this as locations where any Australian Bureau of Statistics collection district is within the most disadvantaged 20% of collection districts in Victoria, as established by the SEIFA Index of Relative Disadvantage. This would not be effective in identifying the more disadvantaged communities within Knox, however, as the municipality has a higher overall lack of disadvantage, compared with other municipalities within the state. Instead, identifying a smaller percentage (e.g. 10%) of the most disadvantaged collection districts within Knox would highlight those SA1s with scores that indicate levels of disadvantage relative to the national average. This supports the inclusion of a criterion in a local planning policy to discourage locating EGMs or venues within proximity to the most disadvantaged SA1s within Knox.

Similarly, a criterion should be included to ensure EGMs are not located within walking distance of any offices of public and private welfare agencies. Factors including the characteristics of this distance should be taken into account, particularly where obstacles to accessibility may play a factor in deterring patrons.

Other performance-based criteria should be included to encourage EGMs to relocate into an area where they make a positive contribution to the redistribution of gaming machines away from areas of relative socio-economic disadvantage as defined by the SEIFA Index.

9.4.3 Principle 3 – Minimise EGM density and number of venues

Overview

The introduction of municipal-wide caps by the State Government in 2012, which was based on a maximum density of 10 machines per 1000 adult members of the population, acknowledges the potential detrimental impacts of too many EGMs in a particular location and the need to control the industry in this regard.

As noted in the survey data of Section 8.2, most EGM players gamble at gaming venues located near their residences. Given this, and the strong epidemiological relationship between access to gaming venues and problem gambling, it leads to the scenario that reducing the number of venues and accessibility of EGMs could have an impact on problem gambling.⁸⁰

Consideration therefore needs to be given to the proposal for a new venue in a new location, particularly in relation to whether there are any existing venues in the surrounding area.

In general, an application for additional EGMs at an existing venue is considered more likely to have less impact than the introduction of a new venue in a new location (which introduces

⁸⁰ Evaluation of Electronic Gaming Machine Harm Minimisation Measures in Victoria, Prepared by Caraniche Pty Ltd (2005)

both greater accessibility to gaming and a larger number of new EGMs). The merits of each case in terms of the “margin of change” need to be considered, however, as noted in *Mount Alexander Shire Council v Victorian Commission for Gambling and Liquor Regulation and others* [2013] VCAT 101:

“An increase in gaming machines at an existing gaming venue (a ‘top-up’) will likely have a lesser net impact than the introduction of machines at a new venue, and the economic or social impact evidence in support is likely to be more straightforward.”

The tribunal went on to say:

“However, the introduction of 50 gaming machines into a community will likely have a different impact if that community already has, say, 200 machines rather than 20, or none at all. The addition of a new gaming venue will likely have a different impact if that community already has, say, five venues rather than one.”

The margin of change therefore should be considered on the merits of each case, given the circumstances of each case would vary the severity of the impact on the community. Yet the general principle remains that a new venue in a new location previously devoid of gaming venues would likely have a much greater detrimental social and economic impact on the community than an increase to the number of EGMs in an existing venue.

Conversely, this principle should not suggest that gaming venues should cluster in one area either. Ferntree Gully has four venues in relative proximity to one another, contributing to a higher than average EGM density and expenditure per capita.

A general objective of seeking to minimise both EGM density and the number of venues should be included in any local gaming policy. This ensures the inherent impacts of both factors are considered by the responsible authority when assessing the merits of each application.

Applying Principle 3 to the Knox context

This paper has identified the following gaming-related characteristics in Knox (as of 2014):

- Knox has 11 gaming venues with 763 gaming machines.
- Knox has an EGM density of 6.12 machines per 1,000 adults which is higher than the metropolitan average of 5.48 machines per 1,000 adults.
- Gaming machine density is highest in Bayswater (8.7 EGM/1000 adults), Ferntree Gully environs (8.4 EGM/1000 adults) and Wantirna environs (8.6 EGM/1000 adults).
- Knox has a higher than average gaming machine loss per adult (\$594.74) than the metropolitan Melbourne (\$574.33) and Victorian (543.69) averages.
- Bayswater and Ferntree Gully environs over-represented in EGM loss per capita.
- Higher player losses in parts of Knox correspond with higher gaming machine density per 1000 adults.

Principle 3 policy direction

A local gaming policy should include criteria for considering the EGM density and the number of venues in the proposed area.

To prevent the EGM density per 1000 adults from increasing, it has been suggested by other council gaming policies that the preferred locations for new EGMs are those which are

experiencing a higher population growth, whereby the density per 1000 adults would be reduced over time.

However, if this is in a location that has no current exposure to gaming venues, then the impact on the community may be greater. With the Knox suburbs already being well established, it's not likely that new areas of significant population growth will occur. The preferred location of new and relocated EGMs, in order to meet this principle, is within existing gaming venues that have a low EGM density. It is worth noting that density figures in the Ferntree Gully/Boronia areas are not likely to be reduced over time given the limited population growth expected in the Dandenong Foothills region, where low density residential character is protected.

Criteria should also be included so that new and relocated EGMs should not be located in locations which have an EGM density higher than the Melbourne Metropolitan average (see Figure 9). Currently, the suburbs of Bayswater, Ferntree Gully and Wantirna have EGM densities which well exceed the state average.

In practice, achieving both objectives of Principle 3 may not be possible. For example, a proposal for a modest number of new EGMs in an existing venue may occur in an area with a high EGM density. Considering other factors like the level of disadvantage/advantage in the area (including by requiring a Social and Economic Impact Assessment) and accessibility factors can also help to influence this overall decision (see section 9.5).

9.4.4 Principle 4 – Promote diversity of entertainment facilities

Overview

Another form of harm minimisation, particularly directed at problem and regular gamblers, is providing the gambler with alternative entertainment attractions both within the venue itself and the immediate surrounding area.

This concept is recognised in the decision guidelines for Clause 52.28 (Gaming) in the Victoria Planning Provisions which requires the responsible authority to consider whether the gaming premises provides a full range of hotel facilities or services to patrons or a full range of club facilities or services to members and patrons.

In *Melbourne CC v Kingfish Victoria P/L & Anor* [2013] VCAT 1130 the Tribunal found:

“We accept that a positive feature of the proposal is the new gaming room would be only one of various offerings of the hotel and that someone wishing to use the gaming room will need to walk past/through the other offerings to get to the gaming room at the rear of the interior, which may discourage some problem gamblers from using the facility.”

Conversely, in *Francis Hotel Pty Ltd v Melbourne CC (includes Summary)* (Red Dot) [2012] VCAT 1896 (12 December 2012) the Tribunal member was not convinced the proposed gaming component would be minor aspect of the overall entertainment offering at the hotel because the gaming room would be located on the ground floor, being prominent to people passing the venue and prominent when people enter the venue, which was a risk factor for problem gamblers.

Principle 4 policy direction

New EGMs and venues should be located where the community will have a reasonable choice of alternative non-gambling activities either within the venue or in close proximity to the venue.

Alternative non-gaming entertainment and recreation facilities include hotels, clubs, cinemas, restaurants, bars and indoor recreation facilities, which operate at the same times the proposed gaming venue will operate.

New EGMs in venues that offer a range of alternative entertainment options should be located in spaces separate from the rest of the venue and in positions less prominent to people passing by or entering the venue. Requirements may include ensuring venues are designed so that amenities for the venue's non-gaming activities, including entrances and exits, toilets, meeting spaces and dining areas, can be accessed without entering the gaming area.

9.4.5 Principle 5 – Minimise amenity impacts

Overview

As is the case with all planning decisions, consideration must be given to a proposal's impact on the amenity of the surrounding area. Clause 52.28 (Gaming) specifically requires responsible authorities to consider the compatibility of the proposal with adjoining and nearby land uses and the capability of the site to accommodate the use. The general decision guidelines at Clause 65 also require consideration of the effect of an application on the amenity of the area.

Where additional EGMs are proposed for an existing venue, the off-site amenity impacts would, depending on the number of EGMs to be increased, generally be minimal. Potential impacts could occur, however, if the proposal involves additions or restructuring of the venue close to its boundary with a sensitive use, if it necessitates additional car parking or changes in traffic patterns, or if it will result in an identified increase in overall patronage.

Off-site impacts of a proposal for a new gaming venue may result from the venue's proposed operating hours, traffic and noise impacts, car parking, safety and security. Increased noise and disturbance is likely to be introduced by a new gaming venue as many have long hours of operation and the proposal's compatibility with surrounding uses should be considered.

The VCGLR has prepared a 'Venue Manual' that EGM entitlement holders must comply with that address, among other things, the location, layout and design of venues, access to sunlight, gaming operating hours and advertising.

Appearance and impact on the design of the host building should also be considered to ensure that gaming is not a visually prominent feature.

The potential off-site amenity impacts of any proposal (whether an existing venue or a new venue) will vary significantly according to the nature of the application and the proximity of nearby sensitive uses.

Principle 5 policy direction

Ensure EGMs are located in venues which:

- have a gaming floor area less than 25% of the total floor area of the venue;

- promotes responsible gaming practices;
- will not have a significant adverse amenity impact on the adjoining land uses as a result of operating hours, traffic, noise, car parking, safety and security;
- the gaming component of the building, including signage, does not visually dominate the design of the host building and surrounding area.

9.5 Balancing competing objectives

As identified in the Macedon Ranges C64 Panel, and in keeping with the expectation of Clause 10.04 of the SPPF, a net outcomes basis for evaluating proposals for EGMs should be taken. This requires considering measures to offset adverse impacts in addition to harm minimisation measures.⁸¹

Applying each of the principles to an individual proposal is likely to result in conflict. For example:

- A proposal for a new EGM venue may achieve the accessibility and EGM density principles, but is located in an area of relative social and economic disadvantage; or
- A proposal for an additional number of EGMs is located in an existing venue with high accessibility and EGM density, but it is located in an area of relative socio-economic advantage.

Balancing these policy principles will form a key part of the assessment process, as outlined in a local gaming policy, with the aim to favour an outcome that minimises harm and has a low impact overall. This reinforces the importance of requiring a Social and Economic Impact Assessment as part of an application to provide a robust assessment of the social and economic benefits and dis-benefits of the proposal.

Good planning outcomes will depend on considering the merits of each case, in the context of the policy principles identified in this paper. Balancing conflicting objectives in favour of net outcomes and minimising harm will help to ensure that the net social and economic impact of gaming machines will not be detrimental to the wellbeing of the community.

10 Conclusion

Gaming is a legitimate form of recreation and has some social and economic benefits, but it also has the potential to cause harm to individuals, their families and the broader community. While there is still some way to go in regards to social research on the effects, costs and indicators of 'problem gambling', there is enough evidence to support council policies to control the location, design and operation of gaming venues to minimise harm.

The regulatory framework has evolved in recognition of the potential for gaming venues to cause harm, by requiring the responsible authority to determine planning permits for the use or installation of EGMs and allowing for prohibition in specific locations (shopping strips and complexes). A growing number of councils, however, are introducing local planning policies to address a 'policy vacuum' identified at state level. The local policies are required to provide guidance and criteria for determining appropriate areas, sites and venues in which to install new EGMs.

⁸¹ Bayside Planning Scheme Amendment C98 Panel Report (10 January 2012)

Knox has a higher than average density (6.12) of EGMs compared to metropolitan Melbourne (5.48) and a higher than average rate of EGM loss (\$594.74) compared to both metropolitan Melbourne (\$574.33) and Victoria (\$543.69). Further to this, correlations occur between both easily accessible venues and more disadvantaged suburbs and higher gaming venue expenditure (See Figure 15 and Maps 2 & 3). Introduction of a local gaming policy into the Knox Planning Scheme that is based on the key principles set out in this paper would provide greater guidance to the community, venue operators and Council on appropriate locations, design and operational criteria for new EGMs. A new policy in the Knox Planning Scheme, along with an updated Electronic Gaming Policy, will help Council make informed decisions on whether to support or discourage proposals for EGMs in a way that recognises potential impacts on local communities and seeks to minimise harm.

11 Definitions

Electronic Gaming Machine (EGM):

An EGM (also known as gaming machines, poker machines or 'pokies') is any device, whether wholly or partly mechanically or electronically operated, that is so designed that:

- It may be used for the purpose of playing a game of chance or a game of mixed chance and skill; and
- As a result of making a bet on the device, winnings may become payable⁸².

Expenditure:

Note that 'expenditure' in a gambling context refers to the amount wagered, less the amount won – in effect it is the gross profit to gambling operators or the net loss to players. The term gambling expenditure is interchangeable with player losses.

Gambling:

The placement of a wager or bet on the outcome of a future uncertain event. It includes gaming, racing and sports betting activities.⁸³

Gaming:

Gaming refers to all legal forms of gambling other than wagering (i.e. race and sports betting), such as lotteries, Electronic Gaming Machines (EGMs), casino games, keno, poker and minor gaming (which is the collective name given to raffles, bingo and lucky envelopes etc...)⁸⁴.

⁸² *Gambling Regulation Act 2003*, S1.3

⁸³ Government Statistician, Queensland Treasury and Trade (2014) *Australian Gambling Statistics 1987-88 to 2012-13 (30th edition)*.

⁸⁴ *Ibid*

Lotteries/Instant Lotteries:

Lotteries are conducted in Australia by both government and commercial operators. There are three components to a lottery – the purchase of a ticket, the draw and a prize. Lottery prizes are based on the total amounts wagered after deduction of a set percentage by the operator to cover costs. Lottery tickets are sold at various outlets around Australia – such as newsagents. The same operators may also conduct lotto, pools and instant lottery.⁸⁵

Instant lotteries, also known as scratch cards or ‘scratchies’ operate in the same manner as lotteries. Prizes, which are revealed by the player scratching the ticket, are paid on a set return to player based on the number of tickets in any set, the cost to purchase the tickets and the percentage retained by the operator to cover costs.⁸⁶

Problem Gambler:

Problem gambling is characterised by difficulties in limiting money and/or time spent on gambling which leads to adverse consequences for the gambler, others, or for the community.⁸⁷

Race betting:

Comprises legal betting with bookmakers and totalisators, both on and off-course, where bets are placed on the outcome of local, national or international horse and/or greyhound races.⁸⁸

Regular Gambler:

Those who gamble at least weekly or 52 times a year.⁸⁹

Socio-Economic Indexes for Areas (SEIFA)

Index produced by the Australian Bureau of Statistics (ABS) as a statistical tool to measure the socio-economic characteristics of a location. SEIFA is a suite of four indexes that have been created from social and economic Census information. For each index, every geographic area in Australia is given a SEIFA score which measures how relatively ‘advantaged’ or ‘disadvantaged’ that area is compared with other areas in Australia.

A SEIFA score is created using information about people and households in a particular area. This score is standardised against a mean of 1000 with a standard deviation of 100. This means that the average National SEIFA score will be 1000 and the middle two-thirds of SEIFA scores will fall between 900 and 1100 (approximately).

The index focused on in this paper is the Index of Relative Socio-Economic Disadvantage.

⁸⁵ Government Statistician, Queensland Treasury and Trade (2014) *Australian Gambling Statistics 1987-88 to 2012-13 (30th edition)*.

⁸⁶ Ibid

⁸⁷ SACES 2005a, i

⁸⁸ Ibid

⁸⁹ 2003 Victorian prevalence survey

Index of Relative Socio-Economic Disadvantage (IRSD)

The Index of Relative Socio-economic Disadvantage (IRSD) is a general socio-economic index that summarises a range of information about the economic and social conditions of people and households within an area. Unlike the other indexes, this index includes only measures of relative disadvantage.

Sports betting:

Sports betting is wagering on approved types of local, national or international sporting activities (other than forms of horse and/or greyhound racing), whether on or off-course in person, via telephone or via the internet.⁹⁰

Wagering:

Wagering refers to all legal forms of gambling on racing and sporting events.⁹¹

⁹⁰ ibid

⁹¹ ibid